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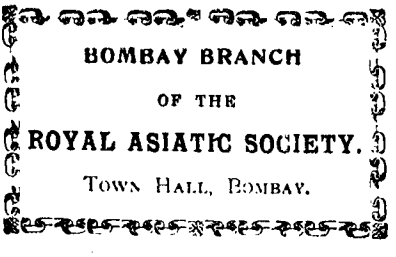

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REPORT

(INTERIM)

OF THE

Army Sub-Committee

OF THE

Central Retrenchment Advisory Committee

1931

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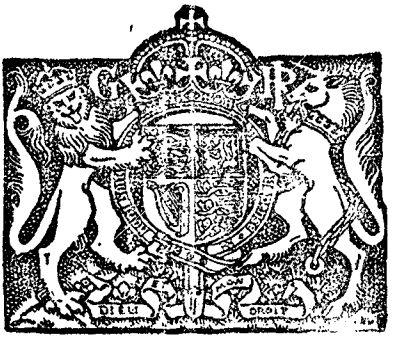

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Interim report of the Army Sub-Committee of the Retrenchment Advisory Committee.

Constitution.

(1) Diwan Bahadur T. RANGACHARIAR, C.I.E., M.L.A. (*Chairman*).

(2) The Hon'ble Major Nawab Sir MOHAMMAD AKBAR KHAN, K.B.E., C.I.E., *Member*.

(3) The Hon'ble Sardar Bahadur SHIVDEV SINGH UBEROI, *Member*.

(4) Maulvi Sir MOHAMMAD YAKUB, M.L.A., *Member*.

(5) Diwan Bahadur A. RAMASWAMI MUDALIAR, M.L.A., *Member*.

(6) Mr. E. C. BENTHALL, *Member*.

(7) Mr. F. C. BOVENSCHEN, C.B., *Member*.

Mr. A. F. L. BRAYNE, C.I.E., I.C.S., *Secretary*.

Terms of Reference.

I. To make recommendations to the Committee for affecting forthwith of by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.

II. The expenditure under review of the Sub-Committee shall be that incurred in the conduct of the Army, Royal Air Force and Royal Indian Marine administrations on their business side and they shall report:—

(*a*) whether the organisation of the spending departments themselves is designed on economical lines, regard being had to the demands that may be made on them in peace and war; and

(*b*) whether the methods they employ are businesslike and calculated to secure value for the money with the expenditure of which they are entrusted.

III. They shall further examine the arrangements in force for financial control of military expenditure through the Military Finance Branch and the Military Accounts Department, and report in particular on the following points:—

(*a*) the efficiency of the control by the Finance Department under the present system;

(*b*) the working of the system of a stabilised military budget;

(*c*) the extent, if any, to which the institution of the stabilised budget has impaired the control of the Finance Department ; and

(*d*) the efficiency of the methods employed in bringing military expenditure to account.

The report on the term of reference No. 11 should include answers to the following questions :—

(*i*) are staffs at Army and Royal Air Force Headquarters and in Commands and Districts excessive, regard being had to modern requirements ?

(*ii*) could economy be secured by further delegation of administrative and financial authority ?

(*iii*) could economy be secured by the adoption in the larger military offices of more modern methods, and/or by the employment of a less expensive clerical agency ?

(*iv*) are the ancillary services maintained and worked on sound economic lines ?

(*v*) are any of the ancillary services maintained in peace on scales higher than are necessary for peace requirements ? If so, does this amount to over-insurance against the risk of war ? In other words, has full account been taken of the present-day resources of India in men and material ?

(*vi*) is the Army over-insured in the matter of reserve stocks of stores and manufacturing capacity ?

(*vii*) are the Army Factories an economical agency for the production in peace of the goods they supply ? (This test should be applied to each Factory individually). If not, is the retention of each Factory, or retention on the present scale, essential to ensure that the extra demands entailed by war will be met adequately and in time ? Is the retention in peace of the reserve of manufacturing capacity more economical than the holding of additional reserves of manufactured stores or purchase in case of emergency ?

(*viii*) could economy be secured by reducing the present scales of supply or altering the specifications of articles of equipment, clothing and other stores and supplies in cases where such reduction would not endanger the efficiency and health of the troops ?

(*ix*) is the present system of kit and clothing allowance and equipment allowance sound and economical or does it stand in need of modification ?

(*x*) is the purchase of stores conducted on sound economic lines ?

(*xi*) could economy be secured, without detriment to efficiency, by a curtailment of movements of troops and stores and/or by reduction of tours and transfers ?

(*xii*) is the present method of carrying out works through the agency of the Military Engineer Services the most economical ? If not,

could the system be modified without reducing below the essential level the reserves of personnel required in war ?

(*xiii*) is any reduction possible in the numbers of non-combatant followers ?

(*xiv*) could any use be made in peace of the Indian Army Reservist to secure some further return for payment made to him ?

(*xv*) is any part of military expenditure of a character so abnormal and terminable that it could justifiably be financed otherwise than out of revenue ?

CHAPTER I.—INTRODUCTORY.

In view of the approaching session of the Legislature we were desired and we also consider it desirable to prepare at this stage of our proceedings an interim report for the information of the main Retrenchment Advisory Committee and, through them, of the Legislature and the Government. We propose to set forth in this report the progress which we have achieved, the conclusions at which we have already arrived and the further enquiries which we intend to pursue on various aspects of the problem before us. Though we have been able to cover a considerable portion of our wide field of enquiry since our Committee was constituted, the volume of evidence which we have collected and the complexity of our problems make it impossible for us, in so short a time, to complete entirely our examination of this first portion or to survey the whole field. Important subjects such as factory administration, the ordnance services, the organisation of the staffs at Army Headquarters and Commands and the system of financial control require much fuller investigation and, even in those subjects to which we have already devoted considerable attention, we have to await further information on certain points of detail.

2. Our Sub-Committee was constituted on the 26th May 1931 consequent upon a recommendation made by the main Retrenchment Advisory Committee that the examination of expenditure of the central Government should be divided amongst six sub-committees to be composed of members of the main Committee with the addition of one or two members selected from outside the Legislature on account of their special experience and qualifications. In our case these two members are Mr. E. C. Benthall selected on account of his wide Indian commercial experience and Mr. F. C. Bovenschen, C.B., an Assistant Secretary of the War Office, whose services have been lent for our enquiry (in a personal capacity and not representing the War Office in any way) on account of his experience of military finance and organisation. The Committee remained at full strength until the 7th of August when two of our colleagues—Mr. Benthall and Dewan Bahadur A. Ramaswami Mudaliar—were compelled to leave to attend the Round Table Conference. Our experience of the invaluable assistance which they rendered to our enquiry during the period they were with us and the results of a discussion which we held with them on the eve of their departure have made us fully sensible of the great loss which our Committee has incurred by their departure and we hope to have their assistance again by the time we propose to renew our enquiries.

3. Our terms of reference were discussed by the main Committee particularly with regard to the addition of the general terms of reference to all

Sub-Committees and it was decided that the Chairman of our Sub-Committee should settle the exact form after consultation with His Excellency the Army Member. After this consultation had been held, the terms took their present form. It will be observed that our enquiry is restricted to the administrative and business side of the Army and that the strength and organisation of the fighting services are not open to our consideration. We are sensible of the limitations thus imposed to the completeness of our enquiry inasmuch as the organisation of that side of defence administration with which we deal must largely depend upon those problems which lie outside our view. On the important general question of pay and allowances, which is responsible for so much of the expenditure on defence, we have ascertained that, while it is not open to us to take evidence, we are not precluded from examining this question and making such comments as we may wish upon the information at our disposal. It is, of course, open to us to consider the question of allowances not merged in pay—such as kit and clothing allowances—and, also to deal with the pay of the ancillary services in its bearing on the question of further Indianisation.

4. As soon as our Sub-Committee was formed, the Chairman discussed with the Secretary the general lines of procedure and after further consideration the Army Department was addressed on the 5th June in a memorandum which set forth the nature of the information which our Committee desired upon the subjects assigned to its enquiry (*vide* Appendix A). Meanwhile the Chairman and Mr. Bovenschen after his arrival devoted themselves to a thorough examination of the military estimates as a result of which a preliminary general questionnaire was issued to the Army authorities (*vide* Appendix B). The Chairman further took advantage of his stay at Bangalore to avail himself of the facilities afforded him by the Army authorities to inspect during ten days various important formations at that military station. The Chairman and Dewan Bahadur A. Ramaswami Mudaliar visited the Medical Store Depot at Madras before they left for the first meeting. The first meeting of our Committee took place on the 13th July at Calcutta and lasted till the 22nd July, during which time we devoted ourselves to a study of the memoranda which had been received from the Army Department and prepared in great detail questionnaires upon Military Finance and Accounts, Animal Transport, Mechanical Transport, other transportation charges, Supplies, Remounts and Medical Services. In addition, we devoted two days to visiting the three Army Factories at Ishapore and Cossipore and one day to the oral examination of the Superintendents of those factories. We also visited other formations at Calcutta such as the military hospitals, the medical store depot and the auxiliary and territorial units. A communiqué was issued inviting suggestions for economy from the general public, but so far it has elicited a very poor response.

5. On 22nd July our Committee, with the exception of Mr. Benthall, left Calcutta for Cawnpore where we spent two days on an examination of the Harness and Saddlery Factory, the Inspection Offices, the Ordnance and Supply Depots and the Grass and Dairy Farms, and we also took certain evidence on the work of these formations. On the 27th some of our members visited the Clothing Factory at Shahjahanpur. Our Committee resumed its enquiry at full strength at Simla on 30th July, settled the future programme and prepared questionnaires on Dairy Farms, Veterinary Services, Auxiliary and

Territorial Forces and Miscellaneous Services under the Adjutant General. On 31st July we had the advantage of a discussion with the Chief of the General Staff upon important questions of policy underlying the organisation and equipment of the Army and upon conditions prevailing on the Frontier. On 1st August we took preliminary evidence on the Military Engineer Services in view of the fact that two of our colleagues would shortly be proceeding to the Round Table Conference. On the 3rd August we examined the Financial Adviser and the Military Accountant General on military finance and accounts and dealt with questionnaires on cantonment and ecclesiastical expenditure. On the 4th, 5th and 6th the Quarter-Master General, the Director of Supply and Transport and the Director of Contracts gave evidence before us on Supplies, Animal and Mechanical Transport, other transportation charges, the system of Army contracts and we also prepared a questionnaire on the Royal Air Force.

The 7th August was devoted to a general discussion in order to elicit the views of our colleagues, Messrs. Mudaliar and Benthall, particularly on matters which had already come before us, and the 8th to consideration of questionnaires on kit and clothing allowances, Army Education and Schools of Instruction. A note of the discussion on the 7th is appended. (Appendix C.).

On the 10th, 11th and 12th we examined the Director of Medical Services and the Director General of the Indian Medical Service on the Medical Services and the Medical Stores Depots and on the 12th and 13th the Quarter-Master General gave evidence on the Remount Department, Farms and Veterinary Services. On the two subsequent days we discussed with the Auditor General, the Financial Adviser and the Military Accountant General certain questions relating to financial control and the system of accounts and audit, and with the Controller of Army Factory Accounts, certain points relating to factory finance and prepared questionnaires on the Royal Indian Marine and the Military Engineer Services. The questionnaires for all heads are given in Appendix D.

On the 17th August the Chairman and another member visited certain branches of Army Headquarters to investigate the system of work and on the 18th three members visited the hill stations of Kasauli and Dagshai. On the 19th and 20th the officiating Adjutant General gave evidence on various miscellaneous subjects under his control such as Hill Moves, Rest Camps, Recruiting, etc. On the latter date also the Quarter-Master General again appeared before us to discuss the policy governing expenditure on military works. On the 22nd we discussed with the Chief Controller of the Indian Stores Department and the Director of Contracts certain important subjects bearing on the relations between these two organisations. On the 24th and 25th we took up the examination of Army Education and Schools of Instruction with the Director of Military Training and of kit and clothing allowances with the officiating Master-General of Ordnance. On the 26th the Air Officer Commanding gave evidence on the expenditure of the Royal Air Force and on the 27th we completed our list of witnesses at this stage by examining the Army Secretary and the Director of Military Lands and Cantonments on cantonment expenditure and the former on the ecclesiastical grant. From that date onwards we were engaged upon the consideration of this interim report.

6. Our examination of witnesses took the shape of eliciting further information on the replies to our questionnaires and discussion with them of various suggestions which we considered might lead to economy either at an early date or in the future. At this stage we desire to take the opportunity of expressing our high opinion of the remarkable thoroughness and efficiency which characterized the information which has been supplied to us both in the original memoranda and in the replies to our questionnaires. The Army authorities have spared no pains to furnish us, often at very short notice, with additional materials which we desired. Further we have been particularly impressed with the thorough grasp of their subjects which the witnesses displayed, and with the freedom from restraint with which they discussed all questions with us and especially with the readiness with which they undertook to consider all suggestions for economy which emerged from our discussions, in many cases even when the written replies to our original queries had offered us little encouragement.

7. At this stage of our report Mr. Bovenschen desires to draw attention to the note which he has appended to it and to emphasize that his concurrence in the general lines of the report and the particular recommendations made in it is subject to the terms of the note and the reservations it contains.

8. Before we proceed to a general consideration of the growth of expenditure on the fighting and other services we must touch briefly upon the general policy which underlies the present scales of armament and organisation of the army, which policy we had the advantage of discussing at length with the Chief of the General Staff. That policy we understand may be restated as in the resolution which was carried in the Legislative Assembly in March 1921 :—

> " That the purpose of the Army in India must be held to be the defence of India against external aggression and the maintenance of internal peace and tranquillity. To the extent to which it is necessary for India to maintain an Army for these purposes, its organisation, equipment and administration should be thoroughly up to date *and, with due regard to Indian conditions*, in accordance with the present day standards of efficiency in the British Army, so that when the Army in India has to co-operate with the British Army on any occasion, there may be no dissimilarities of organisation, etc., which would render such co-operation difficult. For any purpose other than those mentioned in the first sentence, the obligations resting on India should be no more onerous than those resting on the Self-Governing Dominions and should be undertaken subject to the same conditions as are applicable to those Dominions."

We would add here that the second clause of the Resolution was to the following effect :—

> " (*b*) To repudiate the assumption underlying the whole Report of the Esher Committee :—
>
> (1) That the administration of the Army in India cannot be considered otherwise than as part of the total armed forces of the Empire, and

(2) That the military resources of India should be developed in a manner suited to Imperial necessities."

An amendment to this part of the resolution was moved by the Army Secretary but was negatived by the Assembly after a division.

We further understand that the accepted policy connotes not merely a defensive attitude but the power to strike readily and effectively when required, and that therefore the forces should be maintained in a complete state of readiness for action and with the full complement of ancillary services and transport on modern lines.

We have further elicited the fact that the armament and organisation are maintained on scales which are determined solely by this limited scope of action and not with reference to a wider field in areas far beyond the Indian frontier, *i.e.*, the Army is organised for Indian campaigns only. Thus while the Imperial organisation is followed, the scales of equipment are adapted to Indian conditions, *e.g.*, fewer guns and machine guns exist in fighting units than in the corresponding units at home.

We refer to this question especially because the opinion has been advanced in certain quarters that the standards adopted throughout are excessively high and that they have been determined by considerations which are the result of experience in a wider sphere of operation than that in which the Army in India is primarily intended to operate and in anticipation of responsibilities of a kind differing from those which the policy of Government contemplates.

9. While we appreciate the readiness which we have seen evinced during the course of our enquiry by many of the officers who appeared before us, to receive suggestions for economy, it is necessary that, at this stage, we should record a few impressions which the majority of us have received from a perusal of the records and from statements of witnesses. In the first place, we were struck by the great—almost revolutionary—change which has taken place in the military view since the great war. A new conception arose, after the war, widely differing from that on which the pre-war army was based, as to the proper organisation and equipment of the Army in India. The post-war view, based no doubt to some extent on the experience gained in the great struggle, was that the pre-war condition of the Army left much to be desired. In a note written by the Chief of the General Staff which has been furnished to us it is stated :—

> "Before the war the Army in India, though nominally consisting of nine divisions was, for all practical purposes, a paper army, comprising a large number of individual cavalry and infantry units, with a small proportion of artillery, engineers and pioneers. There was no signal service; peace establishments were so inadequate that to effect mobilization of war formations, internal security units had to be depleted. The ancillary services were either non-existent or undeveloped, the personnel required on mobilization having to be drawn from combatant units. There was no reliable machinery for expansion; and practically no organisation for the manufacture or provision of munitions and stores. The arms were obsolescent if not obsolete—every Indian soldier landing in France had to be

> re-armed with a modern rifle on arrival—and the standard of equipment was so low that troops were at a grave disadvantage when pitted against forces equipped on a modern basis. In respect of hospital equipment and medical establishments the Army in India was markedly inferior to other armies."

It was from this point of view, not unnatural perhaps, that the uprooting, organisation and re-organisation of the various branches of the service after the war were begun and large programmes of amenities and comforts were undertaken. Whatever the accepted policy might be as to the objects for which the Army in India is maintained, the lessons learnt in the European War must have affected the military outlook as to efficiency and preparedness and we cannot help sharing in the doubt expressed by the 1st Innes Committee of 1922 in regard to Army Headquarters, whether the Government of India appreciated to the fullest extent the financial repercussions which the schemes of organisation and re-organisation involved and whether the standard of efficiency aimed at did not involve a cost higher than the country could permanently afford. Efficiency at that time must have meant to the military administration, fresh from the experience of the great war, standards higher than those that may be considered necessary today. Immediately after emerging from the war, it was probably forgotten that any peace system which is not extravagant in establishment must necessarily be profoundly modified to meet abnormal emergencies and that the peace system can only be adequate for the ordinary purposes for which the Army in India is maintained and the normal contingencies which it may be expected to meet. In examining the growth of expenditure since 1914 we have to take note of the fact, moreover, that the Army in India before the war performed its duties satisfactorily and it may be that the experience of the great war tended to exaggerate the extent to which the re-organisation of that army was necessary to meet the changed and changing conditions it might be called upon to face within its appropriate sphere. Moreover, there are certainly policies in force in the Army, such as the definite exclusion of Indians and civilians from certain spheres of employment where they could have been employed at less cost to the state, and, in our view, without loss of efficiency, which also account for large items of expenditure. We realise that, since the first post-war re-organisation of the Army, considerable and successful efforts have been made to reduce Army expenditure, but we have to examine in the light of the considerations mentioned above whether those reductions should not be carried still further and whether normal present day Indian requirements could not be met at a cost more in accord with India's financial position.

10. We have been informed that the total strength of Army Establishment has varied as follows :—

	1914.			1922.			1931.		
	Officers.	British Other Ranks.	Others.	Officers.	British Other Ranks.	Others.	Officers.	British Other Ranks.	Others.
Fighting Services	4,896	72,882	216,355	4,246	65,805	209,116	4,200	56,199	186,389
Administrative Services ..	1,020	1,701	47,758	1,810	4,034	60,266	1,615	2,947	57,060
Manufacturing Establishments ..	56	222	1,494	71	207	2,315	78	103	2,098
Staffs	452	..	1,274	721	375	1,830	558	..	2,238
Auxiliary and Territorial Forces	60	310	430	98	393	928	160	409	17
Military Engineer Services ..	145	246	1,169	245	290	1,140	220	313	1,648
Others	32	449	888	60	115	1,100	37	92	289
Total ..	6,661	75,810	269,368	7,251	71,019	276,695	6,868	60,063	249,739

The total strength of animals for the same years is as follows :—

	1914.	*1922.*	*1931.*
Horses	27,772	36,013	30,155
Ponies	1,745	1,784	1,228
Mules	38,497	34,411	29,023
Bullocks	6,368	1,112	1,556
Camels	9,367	14,259	4,512
Elephants	15	..	..
Total ..	83,764	87,579	66,474

As regards strength of personnel, we quote the following analysis from a note by the Chief of the General Staff which has been furnished to us :—

> " As compared with 1914 the reconstituted Army (in 1920) represented a reduction in active ranks of 7,716 British and 16,191 Indian and an increase in reserve ranks of 1,365 British and 27,471 Indian. On a basis of cost, counting four reservists as the equivalent of one active soldier, this represented a net reduction of approximately 16,700. Since 1920, further reductions comprising 9,500 British and 12,500 Indian ranks have been made in the Army, against an increase of 2,200 British and 266 Indian ranks in the Air Force. The reserve has also been reduced by some 30,400 men. This represents an aggregate net reduction of 15,000 British and 28,000 Indian active ranks and of about 3,000 reservists as compared with 1914 ".

The figures in this statement differ to some extent from those given in the table above, but do not greatly affect the appreciation of the position. At this point we would note that in the course of our enquiry we have found it often difficult to establish complete agreement between statistics supplied to us for these several years owing to the varying ways in which the figures have been compiled.

It must be recognised that the Army authorities have displayed a keen desire to reduce expenditure on the Army and it will be our duty to examine under the various heads whether the large reduction in fighting strength has resulted in a reduction in expenditure in other directions proportionate or nearly proportionate and if not, to investigate the reasons and make our comments thereon.

11. The ancillary and administrative services are maintained for the supervision and training, for housing, feeding, clothing, equipment and transport and for the maintenance of the health and general well-being of the fighting services. The table in the previous paragraph shows that the proportion of the personnel maintained in these services to the numbers of the fighting troops has increased from 19 per cent., in 1914 to 28 per cent. today and that, while the total number of fighting troops has fallen since that date by about 16 per cent., the number maintained in the administrative and ancillary services has increased by 21 per cent. Of the total cost of pay and allowances (27 crores), 37 per cent. or 10 crores is due to

administrative and ancillary services. It is to the latter services that our attention will be mainly directed under our terms of reference and these statistics are most significant. The fighting services to-day, including the Royal Air Force, are composed of about 4,450 British officers, with King's Commissions, 3,300 officers with Viceroy's Commissions, 58,000 British other ranks and 128,000 Indian other ranks, to which must be added about 21,000 followers. For these fighting troops are maintained in the services to which we now refer, about 2,800 officers with King's Commission (including lady nurses and officers of civilian superior services), 3,500 British other ranks (including departmental officers), 1,400 Indian officers, 22,000 Indian other ranks, 11,000 clerks and civilians and about 19,000 followers. Of these the administrative staff accounts for 580 officers, 460 British other ranks, 13 Indian officers, and about 2,000 clerks and followers. It will be observed that the proportion of officers with King's Commissions in these services to those in the fighting services is extraordinarily high. In the Medical services alone the sanctioned establishment includes nearly 1,100 officers and departmental officers holding King's Commissions.

12. We now proceed to a brief review of the course of military expenditure since the war for the details of which we are indebted to a very clear memorandum by the Financial Adviser, Military Finance, which has formed the starting point of our enquiry and from which we shall frequently quote.

In 1913-14 before the war the net expenditure on defence stood at Rs. 29 crores. By 1921-22 just before the Inchcape Committee held its enquiry the cost had risen to Rs. 68 crores, an increase which was attributed by that Committee to—

(*a*) the general rise in prices ;

(*b*) the enhanced rate of pay granted to all ranks ;

(*c*) improvements in the standard of comfort and amenities of the troops ;

(*d*) additions to and improvements in equipment and the adoption of a higher scale of training ;

(*e*) the increase in non-effective charges.

The retrenchments enforced as a result of the examination of the Inchcape Committee and other economy measures reduced the scale of expenditure from Rs. 68 crores in 1921-22 to 54½ crores in 1927-28 despite extra expenditure on pay and allowances of officers and Lee concessions amounting in all to Rs. 60 lakhs. By that time a serious situation had arisen as it was maintained that the equipment of the Army was falling below the standards required for a modern army, and it was estimated that an expenditure of Rs. 10 crores would be required within the next few years to put the defence forces on a proper footing. At the same time the finances of the country could not contemplate such a burden and the eventual solution of the dilemma was a decision to stabilise the military budget at an annual figure of Rs. 55 crores for the next four years in the hope that at that rate of expenditure and by that period and with the consequent permission to utilise all savings they might secure by an intensive compaign of economy, the military authorities would be able to complete the programme of rehabilitation. This arrangement, we understand, lasted for the

two years 1928-29 and 1929-30. Thereafter the serious deterioration of the financial position led to modification of the arrangement and the military budget dropped to Rs. 54·2 crores in 1930-31. In the current year it has been further reduced to Rs. 52 crores. During the period of its operation a considerable advance has been made with the special programme, the expenditure including the current year's allotment being about Rs. 6·7 crores, while over Rs. 4 crores have been expended on amenity measures such as barracks and hospitals, electrification and water supply in the last four years. We shall have occasion at a later stage to deal with the question of the 'contract' budget and its implications and results.

13. Of the present budget estimate of Rs. 52 crores for the current year, Rs. 50·5 crores represent established charges and Rs. 1·5 crores provisions for new measures. Out of the total the net expenditure in England amounts to Rs. 11·8 crores, the main items being non-effective charges Rs. 4 crores, stores Rs. 2·21 crores, and capitation charges Rs. 2 crores. The total gross budget estimate is distributed amongst the various controlling authorities as follows :–

INDIA.

Gross expenditure.

	Rs. (lakhs).
Government of India	81·45
Chief of the General Staff	2,16·34
Adjutant General	21,39·26
Quartermaster General	13,00·43
Master General of Ordnance	3,17·85
Director-General, Indian Medical Service	32·30
Assistant Military Secretary	4·12
Military Secretary (Viceroy)	1·13
Military Secretary (Commander-in-Chief)	2·58
Military Accountant General	1,13·46
Establishment Officer	14·10
Army Ordnance Corps	1,20·84
Unallocated	14·21
Total ..	43,58·07

ENGLAND.

Gross expenditure.

	Rs. (lakhs).
Secretary of State	10,35·36
High Commissioner	2,54·14
Total ..	12,89·50

The amount directly administered by the four Commands is Rs. 4 crores. The expenditure on pay and allowances amounts to Rs. 27 crores under all

heads of which 17 crores are on fighting services and 10 crores on administrative and ancillary services.

14. We have been informed that of recent years the Army Budget has been increased by the inclusion of certain expenditure previously not charged to this budget, of which the main items are payments for customs duty on military stores (24 lakhs) and payments for printing and stationery (15 lakhs). The net effect of such additions and a few minor transfers from this head amounts to 38 lakhs. Further, we have been given an analysis of the main reasons which have led to a fall in the established charge, from 1927-28 (the year before the "stabilized" budget) to the present day. That decrease amounts to Rs. 372 lakhs of which the main items are :—

	Lakhs. Rs.
(*a*) Reduced pay of British troops	82
(*b*) Net decreases in non-effective charges	36
(*c*) Reduction in expenditure on Aden	13
(*d*) Fall in prices of stores and supplies	80
(*e*) Economies in rail charges and travelling expenses ..	39
(*f*) Reduction on account of specific reorganisations and retrenchments	56
(*g*) Other reductions attributable mainly to the effect of the intensive economy campaign (particularly in Ordnance stores and clothing)	66
Total ..	372

That is to say, out of the total reduction in the established charges since 1927-28 about Rs. 2,10 lakhs is due to automatic causes and about Rs. 1,62 lakhs to the direct action of the Army authorities during the course of the economy campaign.

15. We would next refer to the amenities and improvements in the standards of comfort of the troops which have been granted of recent years apart from increase in pay. From the lists forwarded to us we select the following principal items :—

(1) Improved barrack and hospital accommodation and electric lighting amounting to over 4 crores in the last four years.

(2) Increase of establishment of the Army Dental Corps in 1927.

(3) A military nursing service for Indian troops sanctioned in 1926.

(4) Appointment of female sub-assistant surgeons in important stations to attend families of Indian troops.

(5) Anti-malarial measures since 1925.

(6) Mosquito-proofing of several hospitals and barracks.

(7) Improvement in rules for free furlough to British and Indian troops.

(8) Improvements in the scale of rations for British and Indian troops.

(9) Improvements in clothing scales, *e.g.*, blankets, mosquito nets and in scales of furniture.

(10) Housing schemes for factory labour.

We shall have occasion to deal with some of these new items in the course of our enquiry.

16. The gross expenditure with which we are directly concerned is as follows :—

	[In thousands of rupees.]
Administrative services	7,31,74
Manufacturing establishments	3,21,00
Staffs	2,16,96
Purchase of stores, etc.	4,87,00
Transportation, etc.	3,24,93
Military works	4,55,66
Total ..	25,37,29

In addition we are concerned with the major portion of the expenditure on the following :—

Marine	84,22
Auxiliary and Territorial Forces	91,03
Royal Air Force	2,22,12
Total ..	3,97,37

As we have already stated, there are also various allowances, amounting in all to a considerable sum which appear under the head Fighting Services, which will come under our review, *e.g.*, kit and clothing allowance, messing allowance, syce and forage allowance, miscellaneous contract and contingent allowances.

17. We will now deal with the examination which we have so far made of each of these main heads. As regards administrative services the heads of net expenditure are as follows :—

	1914.	1931.	Percentage of each to total in 1931.
Educational and Instructional Establishments	12,50	69,03	9·5
Army Education	12,16		
I. A. S. C.	68,34	1,89,88	26·3
Remounts	17,93	26,35	3·6
Army Veterinary Services	4,75	9,94	1·3
I. A. O. C.	22,22	73,74	10·2
Medical Colleges	91	2,97	·4
Medical Services	79,74	1,60,39	22·2
Military Accounts	30,50	1,16,25	16·1
Ecclesiastical	4,27	4,72	·6
Cantonments	13,09	16,58	2·3
Miscellaneous Services	10,59	49,70	6·9
	2,77,00	7,19,55	

While we generally show the strength of establishments for the year 1922, we have not always been able to give the figures of expenditure. We are informed that the cost accounting system was in force in that year and it would be extremely difficult to separate "cash" and "cost" figures in the accounts of that year.

The cost has varied as follows :—

1913-14.	1921-22.	1931-32.
12,50,00)	34,10,000	36,14,000

The expenditure provided under this head for the current year is as follows :—

	Rs.
Physical training	1,60,750
Staff College	7,15,000
Small Arms School	5,60,000
Equitation School	2,52,000
Senior Officers' School	1,83,000
Artillery School	1,72,000
Tank Corps School	2,21,000
Signal School	1,40,000
Training grants	7,56,000

The above does not take into account the heavy expenditure on travelling of students to the schools and back.

2. The total staff employed and the outturn of these schools are as follows :—

	British Officers.	British Other Ranks.	Indian personnel and other ranks.
Staff	78	171	568
Outturn	879	830	1,753

The total number of officers in the fighting units is about 4,000 and therefore it appears that more than one officer out of every five is under training each year in the various schools. Apart from the cost of instructional staff, the cost of travelling allowances must be very heavy and, on a moderate estimate, must amount to between 3 and 4 lakhs of rupees.

3. Here as elsewhere in the Army a high standard is aimed at and, though we are informed that the annual output of each school is determined by the actual requirements of the various units, it also appears that, in many cases, trained instructors do not continue to perform their duties for long. There is a continuous and correspondingly expensive turnover and full advantage of the training is not secured. While we do not wish to reduce the standards of training to an extent which would result in serious inefficiency in the fighting services, we are definitely of opinion that a reasonable reduction must be made under this head.

4. All but one of us therefore recommend that the Physical Training Schools and physical training supervisory staffs should be abolished, at least for

a period of years and also that the School of Equitation be similarly suspended, saving at least Rs. 4½ lakhs. The necessary training during the period of suspension should be carried out in the units concerned by staff already trained.

5. As regards other schools we make the following recommendations in matters of detail—

Staff College.—We have considered the possibility of amalgamating this college with the Staff College at Camberley but are informed that the proposal would not lead to economy. We note that there are 11 officers for this college, including a medical officer; we doubt the necessity for a separate medical officer in this college close to a large station like Quetta. The number of students is stated to be only 58 and the teaching staff would appear capable of further reduction. We therefore propose a reduction of 3 officers, including the Medical Officer. Further saving should be possible under travelling charges as we consider it excessive to allow each officer to convey at State expense two horses and a motor car to the college. The approximate saving under this school should be Rs. 60,000.

6. *Senior Officers' School.*—We have discussed with the General Staff the necessity for the retention of this school which we accept, but we think that the staff is excessive for the outturn and, with one exception, we would reduce the number of instructors to 4. The saving is estimated at Rs. 45,300.

7. As regards the Small Arms School, the Artillery School and the Tank Corps School we consider that economy should be effected by a reduction for some time by one-third of the normal number of students trained annually at these schools. This will effect a saving in travelling allowances and permit of some reduction of instructional staff at each school. In the alternative we recommend the appointment of a number of unseconded officers or retired officers on the staff in place of the present seconded staff. The approximate saving may be put at Rs. one lakh.

8. In general for all schools we recommend a reduction of the numbers of British other ranks and that Indian officers should as far as possible be appointed in the place of those who remain.

9. The annual training grant, amounting to over 7 lakhs, is utilised for expenditure on manœuvres, training camps, staff and regimental exercises and training conferences. Of this amount one lakh is a recent addition. The remaining items out of the total of Rs. 7,56,000 relate to field-firing stores, artillery target grant and assault-at-arms grant. We consider that the financial stringency necessitates a reduction of expenditure on such training and we recommend that the total provision under this sub-head be reduced by Rs. 1,56,000.

Army Schools of Instruction.

Summary of Recommendations.

Recommendation.	Initial saving.	Recurring saving.	Saving next year.
	Rs.	Rs.	Rs.
*(1) Closing of Physical Training and Equitation Schools	..	4,00,000	4,00,000
*(2) Reduction in number of instructors at Senior Officers' School	...	45,000	45,000
(3) Reduction by 30% of number of students attending 3 schools	..	1,00,000	1,00,000
(4) Reduction of 2 instructors and medical officer at Staff College	..	60,000	60,000
(5) Reduction of training grants..	..	1,56,000	1,56,000
Total ..	...	7,61,000	7,61,000

* Majority recommendation.

CHAPTER III.—ARMY EDUCATION.

1913-14.	1921-22.	1931-32.
12,16,000	27,25,000	32,89,000

The expenditure for the current year is distributed as follows :—

	Rs.
Supervising and Inspecting staff	2,63,000
Garrison, etc., Schools for British troops	11,51,000
Do. do. Indian troops	86,000
School of Education	3,46,000
Lawrence Schools (including Lovedale)	6,67,000
R. I. M. College	2,41,000
Kitchener College	1,88,000
King George's Royal Military Schools	2,16,000
Miscellaneous	3,66,000

2. As regards the cost of inspection and of the education of British and Indian troops and their children, we have been shown a statement which distributes the total expenditure as follows :—

	Rs.
British Troops	7,83,000
Indian Troops	9,08,000
Children of British soldiers	5,31,000

As regards Indian soldiers, it is clear that the Rs. 86,000 shewn in paragraph 1 above does not represent the whole cost as the pay and allowances of instructors, etc. in Indian units estimated at Rs. 3,62,000 is included under the head " Fighting Services ". On the other hand, it is doubtful whether the cost of inspection should be divided proportionately between British and Indian troops as the whole system depends very largely on the policy governing the education of British troops, which is that they should enjoy facilities in India no less than those maintained for British troops at home.

3. The majority of our Committee think that the policy must be modified, having regard to the financial resources of the country and its inability to afford proper standards of education for its own citizens. While they recognise the obligation of the State to educate its soldiers, whether British or Indian, they think there should be a limit to the cost involved by this obligation on financial grounds and having regard to the wide-spread illiteracy which prevails throughout the country. One of our number holds that, as the Secretary of State has undertaken the responsibility of providing the same facilities for British soldiers in India as they enjoy at home, the Committee should not seek to brush aside that responsibility and, while agreeing with the main recommendations in this chapter, he is unable to agree to lowering of the present standards of education. Another draws attention to his views expressed in the note attached to this report.

4. There are 40 officers of the Army Education Corps in India of whom 14 are on the permanent Indian service and the remainder serve for 5 years. They are distributed as follows : 3 in Commands, 18 in districts and 9 at the School of Education. There are also 125 Warrant officers maintained in order to provide one corps instructor with each British unit. The British officers supervise both British and Indian education. Indian units maintain their own instructors who have been educated at the School of Education and

get extra pay. The following statement compares the state of education in British and Indian troops in 1930 (percentages to strength):—

	British.	Indian.
Uncertificated	1·6	60
3rd Class	17·3	23
2nd Class	63·4	15
1st Class	17	2·8

As regards education of British children, we were informed that about 2,500 attend Army schools and that there are some 90 children where there are no Army schools who get special grants. The number of schools is 72 and the average attendance at each 37·5. The number of school mistresses and pupil teachers is shewn as 110.

5. After full consideration of the subject, the majority of us recommend that —

(*a*) the three Command appointments should be abolished,

(*b*) circles of inspection should be enlarged and district inspectors reduced from 18 to 9. The question should be considered whether the civil education authorities cannot be utilised for inspection work in order to reduce further the number of A. E. C. officers. Indian troops' adult education should be inspected by the officer commanding who can, if he wishes, obtain the assistance of the remaining A. E. C. officers or civil inspectors,

(*c*) the 125 Warrant officers of the A. E. C. should be reduced to 112, and smaller units and detachments should be attached to larger units for education purposes,

(*d*) education of the soldier should not extend beyond the second class certificate,

(*e*) as regards education of children, the annual cost of the present system is variously stated as Rs. 165 to Rs. 200 per head whereas grants given to children attending civil schools vary from Rs. 74 to Rs. 148 a head. We consider that it would effect substantial economies if the separate Army schools were abolished in stations where civil facilities exist and if allowances on the scale stated were paid instead. Where there are no European civil schools and there are 20 or more Army children, an Army school may be maintained but teaching staff should be locally engaged in India and the present system of importing European School mistresses at increased expense discontinued.

6. *School of Education, Belgaum.*—The object of this school is to train educational instructors for British and Indian troops and to give British and Indian officers such instruction as is necessary to enable them to supervise educational training in their units.

The outturn is 680 per annum distributed as follows:—

British officers	101
British N. C. Os.	155
Indian N. C. Os.	424

The outturn is stated to be based on the provision of one N. C. O. per squadron or company. The Chief of the General Staff has agreed that economy

is possible in regard to this school. We are informed that it is proposed to provide for 2 instructors only for each unit and to close the course for British officers. The saving is estimated at Rs. 75,000 a year. We recommend that these proposals be carried into effect without delay.

7. *Royal Indian Military College, Dehra Dun.*—This institution is intended to afford preliminary education on the lines of English Public Schools to the sons of Indian gentlemen who desire to qualify for King's Commissions in the Indian Army through Sandhurst, etc. The future of this school has been under discussion in the Sandhurst Committee. At present the cost of the school is Rs. 2,41,000, against which there are receipts of Rs. 1,50,000 from fees. The staff consists of 9 British and 7 Indian masters. We consider that the retention of the school must depend upon the solution of the Indian Sandhurst question. If it is to be retained, we recommend that it should be considered whether British masters are essential and whether the school should not be made self-supporting by reducing expenditure or increasing fees or both.

8. *King George's Royal Indian Military Schools.*—These schools exist for the purpose of affording a sound general education to the sons of Indian officers and other ranks with the object of fitting them for a career in their father's regiment or corps. There are three schools at Ajmere, Jullundur and Jhelum. The cost of the three schools is Rs. 2,16,000 less Rs. 28,000 received from parents on account of fees. Approximately 570 boys are at present being trained. We agree that these schools should be of great value to the Indian Army and we, therefore, make no recommendations.

9. *Kitchener College, Nowgong.*—This college was founded in 1929 largely out of funds subscribed by Princes and Ruling Chiefs. The college is intended to prepare Indian non-commissioned officers for promotion to Viceroy's commissioned rank and to educate them up to a higher standard than can be attained in the units. 152 students are turned out annually. We note that there is a medical officer of the I. M. S. on the staff as well as a sub-assistant surgeon. We consider that the former appointment should be abolished.

10. *The Lawrence Schools.*—These schools, four in number, were founded either by or in memory of Sir Henry Lawrence to provide a home and education in a good climate for orphans and children of British soldiers and ex-soldiers. The school at Sanawar is controlled by the Army and the others by the local Governments concerned. The Lovedale School near Ootacamand gets a subsidy from military estimates of Rs. 2,30,000. The total net cost of the four schools is Rs. 5,91,000. We consider that there is no justification for the Army continuing to support these schools from which hardly any benefit accrues to the Army and which minister largely to people merged in the general population. We recommend that the military estimates be relieved of this expenditure.

11. Under this head there is a further provision of Rs. 6,02,000 for miscellaneous expenditure. We have already referred to the chief item, namely the grant of Rs. 2,30,000 to the Lawrence School at Lovedale. We have the following comments upon other items in this head :—

(*a*) The scholarships to British soldiers' children amounting to Rs. 13,000 should be discontinued.

(*b*) Rewards should cease to be paid to officers serving with Indian units for passing in Indian languages. About Rs. 60,000 would thus be saved.

(*c*) The question of educational assistance to Indian Unattached List ranks will be reviewed when we deal with these establishments as a whole.

(*d*) No more expenditure should be incurred for the present in sending officers for language study to Japan, China, etc., thus saving Rs. 68,000.

12. It is not without considerable reluctance that the majority of our Committee have made their recommendations regarding the curtailment of the scope of education both in British and Indian units. In recommending that the liability of the State should not extend beyond the second class certificate course for the soldier they have taken into account the courses of instruction which the soldier undergoes to obtain that certificate and the knowledge which he is expected to possess and they see from the manuals of Educational Training both for the British Army and the Indian Army that they are much higher than the Primary Education Standard. The financial position of the country at the present time is very critical and at such a time and in such circumstances it is unjustifiable to impose on the State responsibility of such a high order for the education of a very small section of the population. It is the more unjustifiable in a country like India where the State has been unable to educate more than a fraction of the vast millions even up to the elementary standard. The majority of us hold that it is well known that the extent of illiteracy prevailing in the land is so great as to have been the subject of severe comment and criticism both from within and without. The literate population of India is only about 72 per thousand males and 18 per thousand females and the cost to the State per scholar comes to only Rs. 23-7-1 for the Indian population. While admitting the high value of giving secondary education to adults and vocational instruction also, the majority feel that the country is not justified in spending money on these objects in the case of soldiers alone. It is admitted that to extend the system of vocational instruction to Indian soldiers or to start regimental schools for their children cannot be thought of on account of the financial commitments involved. The wisdom of undertaking an obligation under such circumstances to impart secondary education and vocational instruction to the migratory population of British soldiers who stay in the country for an average period of 5½ years is a matter which the Government of India and the Home Government must take into serious consideration. It is on that view that the majority have recommended a revision of the policy; not because they do not attach any value to Education as such but because of the peculiar conditions of this country. It is an excellent thing to undertake such obligations when finance permits not only for soldiers but for all citizens. But the time is not yet. As regards regimental schools for children of British soldiers, it is not at all economical to run 72 schools with an average attendance of only 37·5 children and that with imported school mistresses. The average cost per child of direct charges alone comes to two hundred rupees.

Summary of recommendations.

Army Education.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
*(1) Reduction of 12 Education officers in Commands and Districts	..	1,50,000	1,00,000
*(2) Where civil schools for European and Anglo-Indian children exist, close separate Army schools and pay allowances instead : where schools must be retained engage only a local teaching staff. Saving difficult to estimate but assume ..	..	1,00,000	50,000
(3) Reduction of students at school of Education ..	..	75,000	75,000
(4) If Dehra Dun college is retained, it should be made self-supporting	..	50,000	25,000
(5) Reduction of I. M. S. appointment at Kitchener College	..	15,000	15,000
(6) The Lawrence Schools should not be charged upon the Army Estimates	..	5,90,000	5,90,000
(7) Discontinue scholarships for British soldiers' children..	..	13,000	13,000
(8) Reduction of language awards	..	60,000	60,000
(9) Discontinue sending officers to foreign countries for language study	..	68,000	35,000
Total ..	..	11,21,000	9,63,000

* Majority recommendation.

CHAPTER IV.—General remarks on the system of supply and production.

In dealing with those ancillary services which are responsible for the production and supp y of the material required by the Army, we are obliged to base our recommendations on existing facts without reference to the changes which are likely to take place in the near future in the constitution of the Government of India in the direction of Dominion Status. In respect of these services no real analogy exists between the principles which govern the Army Administration in India and those which obtain in the United Kingdom though the former administration follows or attempts to follow the British model. In India H. E. the Army Member is saddled with very heavy responsibilities in that he is the sole military adviser and is the administrative as well as the executive head of the Army ; in which respects he has manifold duties. There are, however, activities within the sphere of Army administration for which, in the opinion of all except one of us, responsibility should be transferred from military to civil hands. We refer specially to provision and production of all material essential for the Army in peace and in war. The Esher Committee of 1920 was unanimous that these activities should be entrusted to civil control in one form or another and the Resolution of the Assembly thereon, endorsed the need for a change in policy in that direction. Despite these recommendations, these departments still remain under military control, under the Quarter-Master General and the Master-General of Ordnance. Thus military influence is predominant not only in those matters which must necessarily be determined by military considerations, *i.e.*, the specification of requirements lethal and non-lethal and the manner and place of storage and issue of current requirements or reserves, but also in regard to the actual production and provision of such requirements which do not necessarily involve military control. As long ago as 1906 it was recognised by His Majesty's Government in the United Kingdom that duties connected with supply are essentially civil in character and are likely to be efficiently and economically performed by departments under civil control. This consideration also applied in the administration of the Army Factories the personnel of which, it was agreed, should be almost entirely civilian. The creation of an agency of this character outside the army has also the merit that it relieves military officers, who have been trained at great expense for their own peculiar duties, from the supervision and performance of other duties which are not military in character. In actual fact, however, we even find that the personnel in those ancillary services employed in the supply and transport and ordnance services receive higher rates of pay than the fighting services, and we, or the majority, will have occasion to recommend, at various points in our report, that certain duties could be more economically managed than at present, if they were demilitarised, civilianised and Indianised. A change of policy is, the majority of us think, imperative. In the United Kingdom there exists a Civil Secretary of State for War responsible to Parliament who presides over the Military Council and is therefore able to bring civil and political influence to bear on the Army Council in the exercise of its collective responsibilities. In India where conditions of industrial development differ widely from those in the United Kingdom, it is surely still more desirable that the supply of army requirements should rest with those who are more conversant with India's capabilities and

better able to guide her development on the lines of the accepted policy of Government which is that India's industries should be stimulated in every possible way. The requirements of the Army for non-lethal supplies must play a considerable part in that development and even in the case of lethal supplies of all kinds the demands of the Army are closely connected with the industrial progress of the country. As we maintain, the Army must play a larger part in India in this respect than in the United Kingdom, where its requirements represent only a fraction of the country's productive power and where industries are highly organised and efficient. Therefore, it is that those of us who have long experience of the country's needs, maintain that, while the high military command should remain responsible for determining the nature of the stores required to maintain the Army in a state of efficiency and for supervision of the response to their requirements, the actual business production of these stores should be vested in civil hands, a policy which with one exception we think must necessarily lead to more economical administration. With the present predominance of military control in these spheres there is a natural tendency to employ military personnel in what most of us believe to be an unnecessarily large proportion in these ancillary services to the exclusion of civilian and Indian talent which could be employed at less cost, and with equally good results. In fact Indians are not represented, at present, either adequately or even appreciably in the higher ranks of the Army.

In a later section of the report, proposals will be found for the creation of a Superior Indian Service for Supply Depots and Stores. Similarly, in the case of factories, there is considerable scope for the employment of young Indians of good education. Even where military rank is regarded as absolutely essential suitable facilities for instruction and training of Indians should be provided. Considerable expenditure is already incurred on educational and training establishments mainly for British personnel in the Army.

It may be difficult to obtain duly qualified and educated men from amongst the existing ranks of Indian soldiers and even amongst those holding the Viceroy's Commission but this should not prevent efforts being made to attract educated young Indians, graduates and under-graduates of Arts and Engineering Colleges, who would be suitable for many of the duties performed by the ancillary services. Schools of Instruction in the Indian Army Service and Ordnance Corps should be thrown open to such recruits for preliminary training after selection, which may be made with the assistance of the Public Services Commission and, if necessary, separate examinations may be held, after the course of training is over, to enable candidates to qualify for permanent retention. When the nature of the service is such that Indians thus appointed are required for field service, appropriate provision may be made in the terms of service, as in the case of the Medical Services. These are, however, all matters of detail which would follow on the acceptance of the principle of increasing Indianisation in such services. In the development of schemes based on this principle a spirit of confidence, trust and sympathy is required and a broad outlook from those in authority. With the development of such Indian services, based upon careful selection and training, a much less costly and equally efficient agency can, the majority of us feel, be built up in the course of another ten years to replace the present costly services in many of the ancillary departments.

CHAPTER V.—Indian Army Service Corps.

Supplies.

The Corps carries out two distinct functions with separate establishments—" Supply " and " Transport ". This section deals with the former.

Before the war the arrangements for the purchase and supply of articles for which the Supply and Transport Corps was responsible were largely controlled by Divisional Commanders. These articles were rations for British troops and for Indian troops in a few localities, fuel for British and Indian troops, oil for British troops, bedding and certain articles of clothing for troops and hospitals, line gear for transport animals and miscellaneous supplies (cooking utensils, lamps, basins, etc.) for troops and hospitals. Units of the Indian Army were responsible for feeding themselves and most Indian cavalry regiments also arranged for the feeding of their animals. At each principal cantonment was a supply depot in charge of an officer of the corps while at out-stations there were small depots in charge of a British or Indian subordinate. For the supply of local articles, station contracts were made by local commanders ; otherwise contracts were made by Divisional Commanders either to meet the total requirements of one article in the whole division or in the case of perishable articles for separate stations in the division. The organisation was controlled by an Assistant Director of Supplies and Transport at the headquarters of the division and by a Director of Supplies and Transport at Army Headquarters with a Deputy and 2 Assistants.

In 1917 proposals were made for the change of this system for various reasons of which the principal were—

(1) a great dislocation on transition from peace to war and absence of any scheme for expansion ;

(2) overloading of Divisional Commanders with details of supply ; and

(3) purchase in water-tight compartments instead of on a wide basis.

It was therefore proposed to centralise control over contracts and purchases, to relieve military commanders from much of the business of purchase and supply and to provide an organisation which could pass easily from a peace to a war basis. Further, the scheme proposed a more effective supervision over supplies, especially Indian rations, in the course of purchase and distribution and also aimed at preventing an increase in supply personnel owing to the acceptance by the State of the liability to supply rations to Indian troops and forage to Indian cavalry horses.

At this time the Government of India, we are informed, sought an assurance that the scheme would not involve any increase in permanent establishment or any recurring additions to expenditure, which assurance was given by the military authorities and the scheme was sanctioned on this understanding. At this period also the duties of the staff were simplified and confined almost entirely to the provision of foodstuffs and fuel. They were called upon to undertake purchase, storage and issue of rations

to all troops both British and Indian, of grains to all animals and of fuel to British and Indian troops owing to abolition of the Silladar system. Since the war, responsibility for the storage and issue of large quantities of petrol, oil and lubricants has been assumed, owing to the mechanisation of the Army and the addition of the Royal Air Force. At present also a central agency exists for the purchase of supplies in bulk such as provisions, grain, ghi, sugar, tea. Articles such as fresh meat and vegetables are purchased under local contracts subject to the control of the Quarter-Master General.

2. The present organisation is on two distinct lines. On the far side of the Indus, there is an organisation resembling a war organisation in order that personnel may be trained in war duties and that there may be as little difficulty as possible in changing to the war system rapidly on mobilisation. Four Supply Depot Companies hold supply in bulk and issue in bulk. The supplies are issued to units through the agency of District Supply Companies which contain Issue, Bakery and Butchery sections which on mobilization will go to war with the units served in peace. On this side of the Indus financial considerations since the war have led to the amalgamation of the duties of the Supply Depot and the District Supply Company. There is a District Supply Company or Independent Brigade Supply Company is each military district or Independent Brigade, the functions of which are to maintain supply depots and to receive and check indents from units and carry out necessary supply.

3. The cost of the Supply Services is Rs. 50½ lakhs for the current year and the total establishment employed is as follows :—

	British Officers.	British other ranks.	Indian Officers.	Civilians.	Followers.	Total.
1914 ..	105	315	..	561	3,033	4,014
1922 ..	194	408	73	832	3,576	5,083
1931 ...	161	373	68	751	3,175	4,528

The number of men and animals fed by the Indian Army Service Corps has been variously stated to us but the following may be accepted as the approximate figures ;—

Men.

	British other ranks.	Indian other ranks and followers.	Total.
1914	74,000	1,100	75,100
1922	70,000	172,000	242,000
1931	62,000	158,500	220,500

Animals.

1914	83,000
1922	84,500
1931	66,000

From figures supplied to us, it appears that the total cost of rations supplied to the men of the Army is as follows :—

	Rs.
(*a*) British troops	70,90,800
(*b*) Indian troops	79,92,600
(*c*) Followers	1,60,800
	1,52,44,200

Of this amount about Rs. 80 lakhs is secured by central purchase, Rs. 63 lakhs by local purchase and about Rs. 9 lakhs by purchase abroad. In the case of animals, the cost of feeding is stated to be Rs. 36 lakhs (apart from fodder supplied by the Farms Department) of which Rs. 35 lakhs is obtained by central purchase.

For this total of Rs. 188 lakhs for food of men and animals the overhead charges may be taken as follows :—

	Rs.
Cost of running supply depots so far as it relates to food stuffs for men and animals (*pro rata*)	45,60,000
School of Cookery	37,000
Military Food Laboratory	48,000
Grain crushing depots and flour mills	1,93,000
Bakeries and Butcheries	2,43,000
Supply and Transport Directorate at A. H. Q. (say half for supply purposes)	1,50,000
Contracts Directorate (one half for food stuffs)	1,60,000
Estimated expenditure on account of rail freight	21,00,000
Share of record office, and training establishment	1,30,000
	76,21,000

To the above should be added the expenditure on account of Animal Transport, Mechanical Transport and Hired Transport incurred on the transport of food supplies in peace. We have seen no estimate of this cost but it must be a very considerable addition to the above figure.

The total cost to the State of supplying food to men and animals, apart from the cost of the food supplied, is, therefore, under the present system, remarkably high.

Assuming that such an elaborate system is necessary, a close scrutiny of the strength of establishment and of the nature of the personnel is required. Most of the superior establishment is of military status and there should be, in the opinion of the majority of us, considerable scope for economy in the directions which we have already indicated, *e.g.*, the employment of Indian personnel on much lower rates of pay.

4. The reasons given for the existence of a larger establishment now than before the war are based on the number of rations now supplied as compared with pre-war figures. Also a new service of supplying petrol and lubricants has been undertaken. On the other hand, it must not be forgotten that the Corps has been relieved of the responsibility for supply of clothing and miscellaneous supplies to troops and hospitals and also for the supply of certain transport animals and of the enumeration and registration of animals available for transport in the country, and for supervision of certain grass and dairy farms. Further, as we have stated, an assurance was given in 1917, after the liability for the supply of rations to Indian troops had been undertaken, that the scheme of reorganisation would not necessitate any addition to permanent establishment. The duties undertaken since that date are the supply of forage to Indian cavalry units and the supply of petrol, etc., but against this must be taken the fact that there has been a very considerable reduction both of units and of personnel in the fighting services since the undertaking was given. Though the establishments have decreased considerably since 1922, they are still much in excess of those in 1914 and for the reasons given above we consider that the whole question requires thorough examination.

5. In the trans-Indus area, the organisation is on a war basis and it is admitted by the military authorities that a high price is possibly being paid for preparedness for war and we are informed that an examination is in progress to see what reductions are possible. From figures given to us it appears that the organisation is approximately as follows for the two areas :—

—	Officers.	B. O. Rs.	Indian ranks.	Troops.	Animals.
Cis-Indus area	103	231	2,183	187,000	44,000
Trans-Indus area.. ..	65	103	1,485	80,000	21,400

It would appear from the above that the adoption of the Cis-Indus system in the Trans-Indus area would result in considerable savings in officers and other establishment. To take officers alone, if the Cis-Indus proportion of officers to troops and animals were applied across the Indus, the number of officers required would be 45 instead of 65 at present maintained. Further, these 65 officers are required for 30 Headquarters and detachments whereas on this side of the Indus 103 suffice for 88 headquarters and detachments. We consider therefore that, with the suggested revision of system, it should be possible to make substantial reductions in the personnel engaged on supply duties and we recommend that the system be immediately revised and a reduction of at least 25 officers and corresponding numbers of other ranks effected. The savings on officers alone would amount to about Rs. 4 lakhs. We are informed that proposals for the reduction of I. A. S. C. officers at Army Headquarters, Commands, etc., are under consideration and that the savings involved would be about Rs. 1,40,000 but we have proposed much larger reductions.

6. As regards the establishment of 373 B. O. Rs. we are informed that 36 Indian officers have already been employed in the place of B. O. Rs. and that it is proposed to increase these to 70. Another scheme will employ about 40 more Indians. Direct Commissions are already open to

graduates as Indian Supply Officers and they can also be appointed as store-keepers. We are in entire accord with the policy of increasing employment of Indians in the Supply Services and the majority of us would recommend that the entire replacement of British other ranks be effected as soon as possible. The view of the majority upon the necessity for the employment of Indian personnel in a service of this kind has already been expressed and we further consider that a scheme should be evolved whereby the present officers of the service would be gradually replaced by an Indian Military Supply Service on rates of pay which, though considerably lower than the present scale, would be sufficient to attract suitable recruits who would be required to give substantial security. The personnel of such a service would of course be liable for duty in the field and be under military discipline just as Assistant Surgeons are now. For the present, therefore, we do not propose any further reductions in the number of superior officers while the proposed new service is being formed and developed, but a definite programme should be evolved which would secure the replacement of the present agency in the course of the next ten years.

7. We have examined at considerable length the system of central purchase and contracts. A great deal of information has been placed at our disposal and we have examined the Director of Contracts. We have also examined the Chief Controller of the Indian Stores Department on the relations between his Department and the Directorate of Contracts. For the present we prefer to reserve our opinion whether the central purchase system is really economical in practice and whether the present methods of purchasing grain, ghi, etc., are conducive to efficiency and economy and also whether the Indian Stores Department should be more extensively employed and the army agency reduced in size and scope of responsibility. It is not possible to come to a decision on such important questions in the time at our disposal. We have, however, after full discussion with the Quarter-Master General come to certain conclusions on points of detail in the present practice, which should be adopted as long as the present system continues :—

(*a*) all contracts of Rs. 10,000 and above should be by open tender,

(*b*) in all contracts provision should be clearly made that any person can quote for the whole or a portion of the quantity invited and there should be option for delivery at particular places with limitations as to minimum quantity,

(*c*) all calls for tenders over Rs. 10,000 should be published in suitable vernacular as well as English papers,

(*d*) lists of approved contractors should be published,

(*e*) lists of accepted tenders in case of local purchase should also be published.

We are further convinced that a Board should be established to settle the terms of tender, the methods of publication and finally the acceptance of tenders in all important contracts over Rs. 20,000 in value. This Board should consist of a military member, a financial officer and a non-official, preferably a member of the legislature, to be selected by H. E. the Army Member. One of our number considers that the non-official member of the central Board should be a member of the Public Services Commission while another holds that, while all tenders should be opened and scheduled in the presence of two officials (one representative of the buying department and one representative of the finance department) the responsibility for settling the various terms of the contract and deciding on the

acceptance of the tenders must rest primarily on the buying authority (*i.e.*, the local military authorities in local contracts, the Director of Contracts at Headquarters) and ultimately on the Commander-in-Chief. In the view of this member the responsibility should not be shared with a Board and in any case an unofficial member could not properly be associated in that responsibility. In the opinion of the majority a similar organisation should be instituted in commands and districts for local contracts over Rs. 10,000 and the selection of the members of such a Board (including one non-official) should be made by the commanding officer of the command or district area. In the view of one of our number, in the case of these local Boards too, the third member should not be a non-official but a member of the future Public Services Commission, if available, or some other independent official.

8. The Contracts Directorate consists, we are informed, of the following superior staff :—

		Pay. Rs.
For Purchases	One Director	2,500
	One Assistant Director	2,045
For Disposal Organisation ..	One Assistant Director	2,045
	One Deputy Assistant Director ..	1,530

All but one of us consider that these rates of pay are too high for an organisation of this character and that more suitable rates would be from Rs. 1,500 to Rs. 1,800 for the Director and from Rs. 750 to Rs. 1,200 for Assistants and Deputies.

9. We propose that enquiry should be made into the reduction of grain stocks, the substitution of coal for wood where economical, the use of soft coke and the obtaining of supplies of coal for northern and western India from the Central Provinces. As regards grain stocks, we understand that reductions giving an initial saving of Rs. 83,000 have been carried into effect and, as regards extended use of coal, proposals are under consideration which will give a recurring saving of Rs. 40,000. These questions should be further pursued. In particular, the mobilization reserves should be carefully examined and curtailed.

10. As regards the rations of British and Indian troops, we have given the question very careful consideration. The scale of the ration is based upon medical advice and it is contended that a recent exhaustive examination has shewn that the ration is in no way in excess of requirements. To this expert evidence we must yield but we would point out that the normal system of bulk supply to units does not take into account the probability that 800 men do not consume 800 standard rations every day. A system of a sliding scale was recently introduced whereby units were permitted to underdraw on certain items of the ration and to share with Government the saving thereby effected. We are informed that last year the system resulted in a saving to Government of Rs. 80,000 and to units of Rs. 2,34,000 which was mainly spent in adding variety to the soldiers' food. It would therefore appear that the bulk issue of the ration is not illiberal. We consider that, in the case of both European and Indian troops, the sliding scale system should be definitely encouraged and popularised to the advantage both of the State and the soldier. If, however, it should prove after further experience that this method is not a definite success, we would advocate the re-examination of the possibility of reductions in the bulk issue according to the number of men supplied, *e.g.*, 780 standard rations for 800 men.

11. In another direction we are, however, able to make a recommendation for a definite saving. The British soldier's ration is supplemented by a cash allowance of 3½ annas a day which is used regimentally to supply him with additional food of a more varied character than the standard ration. This allowance is based on the allowance given at home, *e.g.*, at one time it amounted to 6½ pence at home and in India 6½ annas. When the home rate fell to 3½ pence, the Indian rate dropped to 3½ annas. As the home rate is now 3 pence, we recommend that the rate in India be reduced to 3 annas in accordance with the usual practice and we also take into consideration the fact that a fall in prices has taken place in India also. This will give an annual saving of about Rs. 6 lakhs.

12. We further understand that mutton is supplied to British troops one day in the week instead of beef. We understand that this involves an extra cost of about Rs. 4 lakhs a year which would be saved if beef were supplied on the seventh day also. We understand that there is no medical objection to the proposal and that mutton is not universally popular with the troops. We recommend the adoption of the proposal to issue beef on 7 days a week except in special cases, such as the frontier, where the quality of beef is markedly inferior to mutton.

13. Large quantities of provisions and other supplies are issued on payment for the use of troops and their families. There is considerable business done in this respect as the receipts amount to Rs. 14 lakhs a year. This system of issue on payment was agreed to on the understanding that no extra expense to the State was involved therein. Prices are fixed at cost price *plus* duty (if leviable) *plus* 20 per cent. overhead charges *plus* Re. 1-8-0 per 100 lbs. for carriage. With the fall in prices and fall in the demand for payment issues, it requires investigation whether the present 20 per cent. for overhead charges is sufficient to guard the State against loss in this business. We recommend that a full enquiry should be made.

14. In Waziristan certain concessions are given in view of the hardships encountered in that area. These have been reviewed from time to time and the main concessions which have been in force since April 1929 are as follows :—

(*a*) B. O. Rs. on consolidated rates of pay draw free rations or 12 annas a day.

(*b*) Civilians paid from military funds get free rations.

(*c*) Certain public followers and private followers get free rations or allowance in lieu.

(*d*) Daily Messing allowance of B. O. Rs. raised to 6 annas in winter and 5 annas in summer.

(*e*) Monthly Messing allowance of Indian troops Rs. 4 during winter and Re. 1-8-0 during summer instead of 10 annas.

We consider that, as over 2 years have elapsed since the last revision during which time conditions must have further improved and prices have fallen to a considerable extent, these concessions should be reviewed in the interests of economy. We suggest tentatively with reference to the list above :

(*a*) a reduction of 2 annas a day ;

(*d*) reduction to 5 and 4 annas respectively ;

(*e*) reduction to Rs. 3 and Re. 1-4-0 respectively.

In any case we recommend that reductions be made which will secure an annual saving of one lakh in the extra cost of these concessions which we understand amounts to Rs. 5 lakhs.

15. As regards the scales of rations for animals, we are informed that these are considered by expert authorities to be only just adequate. In any case the same criticism applies here as in the case of men's rations, *e.g.*, 500 mules will not need 500 standard rations. Some savings should, we consider, be possible and we recommend that the experiment of reducing the amount and value of the ration by 5 per cent. be tried with all animals in two selected stations under careful supervision. Similarly, two units in other stations might be selected for the experiment of issuing the reduced ration to animals in one section of the unit and full ration to the others. It can thus be judged whether a saving on the ration would have a definite deleterious effect which would make it undesirable.

Summary of recommendations under Supplies

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of 25 I. A. S. C. officers	..	3,00,000	1,50,000
*(2) Substitution of Indian officers, etc., for British other ranks (say)	..	1,00,000	
(3) Substitution of coal for wood and reduction of stocks of grain	83,000	40,000	40,000
(4) Reduction of daily messing allowance of British soldiers by half an anna	..	6,00,000	6,00,000
(5) Substitution of beef for mutton	..	3,00,000	3,00,000
(6) Reduction in Waziristan concessions	..	1,00,000	1,00,000
(7) Reduction in rations for animals (no estimate available)	..	..	..
Total ..	83,000	14,40,000	11,90,000

* Majority recommendation.

CHAPTER VI.—Animal and Mechanical Transport, Hired Transport and other Road and Rail charges.

1. The provision of transport for the Army, other than the regimental transport within units, is the responsibility of the Army Service Corps. As information furnished to us in the subjoined table shows, the volume and cost of the transport provided by the Army Service Corps have increased very heavily since 1914.

——	British Officers.	British Other Ranks.	Indian Officers.	Civilians.	Indian Other Ranks and followers.	Animals or M. T. vehicles.
1914.						
Animal Transport ..	82	213	66	90	24,257	48,560
Mechanical Transport	None.					
1922.						
Animal Transport ..	78	80	193	130	19,137	28,663
Mechanical Transport (excludes G. S. Units).	182	852	29	622	5,509	2,158
Total ..	260	932	224	752	24,766	..
1931						
Animal Transport ..	72	48	147	116	14,000*	18,000
Mechanical Transport (excludes G. S. Units).	194	442	77	469	9,993*	2,025
Total ..	266	490	224	585	23,993	18,000 animals. 2,025 vehicles.

* Includes 1,804 A. T. Reservists and 3,588 M. T. reservists.

Note.—These figures exclude animals and mechanical transport on the establishment of other arms of the Service.

Approximate total expenditure on animal and mechanical transport in 1914 and 1931 (including cost of fodder, petrol and annual replacements) respectively.

	1914.	1931.
	Rs. lakhs.	Rs. lakhs.
Animal Transport	135	100
Mechanical Transport	..	197
Total ..	135	297

2. We have been informed that the following are the main general reasons for the increases since 1914. At that time " the transport of the Army in India consisted entirely of animal transport partly wheeled and partly pack. Peace establishments were kept down to the minimum and for war the Army depended on improvisation. Since the war the assumption by Government of full responsiblity for feeding the Indian Army would in any case have involved a substantial expansion of the transport required in peace. But the pre-war organization, dependent as it was on improvisation, was manifestly unsatisfactory for war and could not stand any prolonged strain. When the fighting strength was reduced after the War it was recognized that the reduced force must be fully mobile and provided with better equipment. This meant a transport organisation which could not only come more speedily into action on the outbreak of war but would also be capable of carrying a greater load. The establishment of the modern transport service has therefore been fixed with regard both to present requirements in peace and the minimum organization necessary to ensure rapid expansion in an emergency". The main feature which distinguishes the present from the pre-war organization is the inclusion of a self-contained mechanical transport service with a Training Depot, Stores Depot, Inspectorate, Works, etc.

3. The transport provided by the Army Service Corps fulfils, from the military point of view, three main functions—

(*a*) *First line transport* is the transport required to carry the essentials which must accompany a unit, *e.g.*, ammunition, signalling equipment, entrenching tools, medical panniers, water and cooking pots. It is all animal transport—pack mules, animal transport carts and camels.

(*b*) *Second line transport* carries the troops' baggage, one day's supplies, ammunition, etc., and works between the troops and the point at which it can be re-filled with such supplies. This transport is broadly speaking mechanical transport.

(*c*) *Third line transport* conveys stores up from railhead to the refilling point at which it meets the second line transport. The policy is that this should be mechanical transport.

The transport at present maintained in peace to meet these requirements is sufficient, we have been informed, so far as animal transport is concerned, to provide broadly speaking, 1st line transport for the covering troops and field army. ' So far as mechanical transport is concerned, the establishment now aimed at in peace will only provide about 50% of the requirements in second and third line transport of the field army : the balance will have to be supplied from local sources on the outbreak of war. Even so the formations maintained in peace have in view mobilization requirements rather than merely peace needs. We have been informed that until this year the programme aimed at a larger percentage of mechanical transport to be held ready in peace : but the programme has been reduced, and some Rs. 45 lakhs that would otherwise have been spent will be saved. To complete the revised peace establishment however some 132 4-wheel lorries are still required.

4. With a view to determining on broad lines whether the provision now being made for transport services is on too liberal a scale, we endeavoured to form some idea of the comparative effectiveness as transporting agencies of the present animal and mechanical transport establishments and the pre-war animal transport establishment. We were accordingly furnished at our request with figures showing for 1914 and 1931 the carrying capacity in ton miles of the transport organizations existing in the two years, but closer examination has shown that it is extremely difficult, if not unsafe, to draw conclusions from statistics of this kind. Following, however, on this line of examination, we understand that the military authorities are reviewing the whole transport position to see whether any reductions can be effected. We therefore reserve our recommendations in general till we have learnt the result of this review and have had an opportunity of examining the matter further. But we would record that we understand that mechanization is not being carried further pending the review, that in our view it is a matter for careful examination whether the standard of mechanization already reached is not sufficient for all practical army purposes connected with the defence of India and that, as at present advised, we think that further mechanization should be suspended. In this connection we might mention that a recent report by the military correspondent of the *Times* suggests that in England the question is being examined whether mechanization may not be carried too far and the mobility of larger formations be impeded by the quantity of mechanical transport allotted to their component units. While, as stated above, we reserve our recommendations in general we add in the following paragraphs certain remarks and recommendations on particular features of the transport organization which have been brought to our notice in the course of our enquiry.

5. *Animal transport.*—

A. *Number of officers.*—It will be seen from the table in paragraph 1 that compared with 1914 while the number of animals has decreased from 48,560 to 18,000, over 60%, the number of officers has fallen from 82 to 72, or by 12%. We have been informed that in 1914 only one officer was allowed for a unit of 855 animals and nearly 500 men: that in 1924 a second officer was allotted to large units and that in 1930 the size of units was practically halved, one British officer being allowed for each unit, and the smallest unit consisting of 200 animals and 150 men.

We appreciate the administrative convenience of smaller units, but under present financial circumstances we think every endeavour should be made to reduce the number of officers, and while we do not recommend a reduction so great as to make the proportion of officers to animals the same as it was in 1914 we think the present establishment should be reduced from 72 to 48 [apart from any reductions which may result from the recommendations at (B) below]. We suggest that this should be achieved either by amalgamation of some of the units, or by giving command in certain cases to a suitably qualified Viceroy's Commissioned Indian Officer: this might be done, for example, where more than one unit is stationed, one of the units remaining under the

command of a British officer who would retain a general supervision over the remainder, or at other stations by giving independent charge to the Indian officer and supervising his work by inspection. In this case it might be necessary to add some additional Viceroy's Commissioned officers. We estimate that the reduction of 24 officers would normally save Rs. 3,30,000 a year reduced by Rs. 90,000 if, say, 12 additional Viceroy's Commissioned officers were required. We also recommend that B. O. Rs. in A. T. units should be replaced by educated Indians, unless in any exceptional cases the appointment of a B. O. R. should be considered essential.

B. As stated in paragraph 3 animal transport is maintained in peace sufficient to mobilize the field army : mechanical transport is not maintained on this scale. We recommend that the animal transport for a portion of the field army should be disbanded, except in so far as it is fully utilized for peace requirements and effects a commensurate saving on hired transport.

C. *Camels.*—There are at present, we understand, 4,500 camels used for transport work organized into 7 companies. We are informed that the question of replacing two of the camel companies (lower establishment) on mobilization by hired mechanical transport and a camel company to be maintained in the Punjab is under examination and that this would result in the saving of about Rs. one lakh a year. We recommend that this saving should be effected, and we do so all the more readily in view of the opinion of one of our members, who has considerable experience of the question, that the camel has definite disadvantages as a means of military transport, and that, if it must be employed in war, it can be obtained in substantial numbers on mobilization.

6. *Mechanical Transport.*—We have not had time to examine the details of establishment of the mechanical transport units for which, according to page 112 of the Army Budget, 101 British officers, 246 British other ranks, 61 Indian officers, 3,883 Indian other ranks, clerks and artificers and 3,588 reservists are maintained. We hope to have an opportunity of doing so later. Nor, though we have been furnished with a good deal of information on the subject, have we been able to consider fully the question of the total number of vehicles maintained or the quantity of mechanical stores and spare parts held in stock. But we understand that, so far as I. A. S. C. vehicles are concerned, it is proposed to purchase during the current year 264 4-wheel lorries (equivalent to 8 mechanical transport sections), of which 132 are to replace 6-wheel lorries which are being utilized to mechanize the transport of a cavalry brigade, and 132 to replace vehicles which may no longer be fit for service. In present financial conditions we consider that this purchase should be deferred and that replacements should so far as possible be avoided. In making this recommendation we have in mind that a reserve of vehicles is being formed by the withdrawal of certain vehicles from each section, and this reserve might be drawn upon in those cases in which replacements are absolutely necessary. As regards mechanical transport stores and spare parts, we have been informed that it is proposed to

cut down stocks and that an initial saving of Rs. 15 lakhs will result. We recommend that this saving should be effected. We further recommend that for this and next year purchases of mechanical transport stores and spare parts should only be made in cases in which it is absolutely essential. We hope to be able to report on this question of stocks at a later date.

But though we have been obliged to postpone a considered report on this matter, we should like to make certain general recommendations on the policy of provision of mechanical transport. In the first place we consider that the policy which we understand that the military authorities are following of restricting the types of vehicles in the service should be pursued : it may perhaps be possible, *e.g.*, ultimately to have one standard type of lorry common both to the Army and the Royal Air Force. Standardization of type must make for economy. As a measure tending towards the possibility of retaining one type of vehicle in the service we recommend that manufacturers of vehicles purchased for Army use should be required to guarantee the provision of spare parts over a term of years. This will prevent types of vehicles having to be changed for lack of spare parts. Finally, we recommend that everything possible should be done to encourage the production of mechanical transport in this country, so that, in lieu of maintaining large reserves, it may be possible to rely on supplies from civil sources in emergency. We understand that it was partly in pursuance of this aim that the military authorities have d ecided to substitute to a large extent four-wheel lorries which are in use in civil life for six-wheel lorries for which there is little civil demand.

Mechanical Transport Establishments.

The maintenance of mechanical transport units involves the upkeep of various mechanical transport establishments for repairs, storage, inspection and so on. Those establishments are given on pages 114 to 123 of the Army Budget, and the cost of their staff, and the number of personnel employed there, may be summarised from the budget figures as follows :—

Personnel.

——	British officers.	British soldiers.	Indian officers, artificers, clerks, etc.	Cost. Rs.
Mechanical Transport Depot	10	14	149	5,13,480
Central Mechanical Transport Stores Depot	4	32	169	4,66,330
Technical Inspectors of Mechanical Transport	11	..	32	1,98,100
Mechanical Transport Workshops ..	21	121	1,462	23,01,683
Mechanical Transport Vechicle Reception Depot	2	4	64	1,04,170
Total ..	48	171	1,876	*35,83,763

* *Note.*—This figure does not include cost of stores, accommodation, transportation etc.

We have been informed that these establishments cater not only for the 2,025 mechanical transport vehicles (including 91 motor cycles) on charge of the Indian Army Service Corps, but for the 2,085 vehicles (including 478 motor cycles) on charge of other units (*e.g.*, the lorries with mechanized artillery, motor ambulances, etc.). Even so, the staff and expenditure seem high, and we are of opinion that, in general, by the employment, in place of some of the British officers and soldiers, of a less costly personnel either directly engaged or trained as apprentices, considerable savings could be made.

The following table shows the annual pay, maximum, minimum and average, drawn by British Officers and British Other Ranks at these Establishments :—

	Maximum.	Minimum.	Average.
	Rs.	Rs.	Rs.
Officers.			
Married	25,560	7,980	15,890
Unmarried	23,760	6,960	8,670
Quartermasters.			
Married	13,200	8,580	9,610
Unmarried	11,640	7,620	8,400
British Other Ranks	5,040	2,520	3,750

Dealing with the establishments in particular, the following observations arise :—

Mechanical Transport Depot, Chaklala.—This depot trains recruits in mechanical transport duties, and also holds classes for British and Indian officers. We have been informed that hitherto some 1,000 recruits have passed through the school annually, in two batches of 500, but that it is proposed to reduce the annual outturn to about 600 a year with consequent savings in the cost of the establishment.

Central Mechanical Transport Stores Depot, Chaklala.—This depot deals with the receipt, storage and issue of spare parts, tyres, and accessories required for all mechanical transport vehicles. It is stated that the turn-over of stores by the depot last year was Rs. 38 lakhs : the cost of the establishment is as shown in the preceding table Rs. 4·66 lakhs, of which over 1 lakh represents cost of administration, and the balance that of store-keeping. The ratio of cost of the establishment to turn-over, which comes to Re. 1 to Rs. 7 or Rs. 8 we consider excessive. We understand that the Quarter-Master General is personally examining the possibility of reduction of cost at the depot.

Technical Inspectors of Mechanical Transport.—The duty of this staff is the inspection of vehicles, etc., on charge of units with a view to ensuring that the stocks held are within the authorised scales, and that repairs are carried out and that stores are used economically. The number has increased from 3 in 1926 to 11 to-day.

Mechanical Transport Workshops.—Minor repairs are carried out by mobile repair units : heavy repairs and periodical overhauls are carried out in the Mechanical Transport Workshops at Bannu, Bombay, Chaklala, Peshawar, and Quetta. The peace capacity of Chaklala is about 50 overhauls a month, that of Quetta and Peshawar about 12 and that of Bombay 7. The shop at Bannu has only recently been formed from a workshop section stationed there.

During the last 12 months, we are informed, 458 vehicles were completely overhauled, and 266 vehicles put through heavy garage repairs (*i.e.*, over one-fifth of the total strength of mechanical transport vehicles including motor cycles passed through the heavy repair shops) at an estimated average cost of Rs. 3,900 : and for this work, as shown in the preceding table, a staff of 21 officers, 121 British other ranks, and 1,462 Indian Officers and other ranks, artificers and clerks (of whom no fewer than 1,030 are artificers) was provided. The staff and cost seem to us unduly heavy, even though, as is claimed, the cost is artificially inflated by the rate at which labour is charged out to the work.

We understand that economy is in future anticipated by an alteration recently introduced in the previous rule that a vehicle after it had done 10,000 miles had to go into the shops for complete overhaul. It was found that after 10,000 miles although the engine required overhaul, the rest of the vehicle did not and in future a vehicle will be classified according to its actual condition as requiring complete or partial overhaul. We further understand that the establishment and rates of pay of artificers at these shops are under revision, and that the Quarter-Master General is personally exploring the possibility of reducing the costs at the shops.

Mechanical Transport Vehicle Reception Depot, Chaklala.—This depot deals with the receipt and issue to units of vehicles imported from the United Kingdom or received for heavy repairs from other units in India. It seems to us that, with less purchases in the United Kingdom, the work at this depot should decrease.

For the general reasons stated at the beginning of this section, and the more specific reasons given under the individual establishments, we think that substantial reduction should be made in this expenditure. The majority recommend that the total cost of over Rs. 35 lakhs should be reduced by 7 lakhs ; that as part of this reduction, the number of British Officers employed at these establishments should be reduced by at least 1/3rd and that of British other ranks by one half, and the number of artificers employed at the workshops should be decreased by 10%. We further recommend that the heavy repair shops should be used so far as possible for the repair and overhaul of mechanical transport vehicles belonging to the R. A. F.

Military Launches.—Under Sub-head B of Head II Rs. 2,00,000 are provided for military launches. In reply to a query whether it is essential to retain these launches we have been informed that those at Rangoon are being disposed of forthwith, those at Calcutta will be disposed of in January 1932 and those at Bombay will be reduced by 50% this year. The savings involved cannot at present be given. We recommend that all these launches

should be disposed of as soon as possible except such at Bombay as are definitely required and cannot be economically replaced by hired craft.

Hired Transport.—Although army transport, animal and mechanical, is maintained on the scale shown in paragraph 1 it is still necessary to hire transport to supplement it for peace duties.

For example, in many stations, we are informed, a piped water supply does not exist and bullocks and well gear have to be hired for raising water.

The provision for hired transport in 1931-32 stands at Rs. 15 lakhs : in 1930-31 it was Rs. 17,16,000 and in 1929-30 Rs. 18,97,000. The reduction in the cost of this service in recent years is largely due, we understand, to a reversal of the policy that mechanical transport vehicles in peace should, except in Waziristan, be authorised to run only 1,000 miles a year. This limit has now been removed with a view to securing fuller use of army transport for essential transport work and so reducing hiring charges. We reserve our opinion on the question of policy involved in this change pending further examination but in the meantime we recommend that every endeavour should be made to minimize hiring charges, especially by the use of animal transport in lieu of mechanical transport where economical, and that for the present Commands should be asked to report quarterly what reduction in such charges they have been able to make compared with the same period in the previous year.

Transportation of troops and stores by Rail and Sea.—This sub-head in the Army Budget covers the cost of rail and sea charges for the conveyance of personnel and stores, of travelling and outstation allowances to personnel when moving, of the Embarkation staff and the railway transport staff. The provision in 1931 for expenditure in India is Rs. 1,96,00,000 compared with approximately a crore in 1914. We have been informed that the main causes of the increase are :—

(1) Rise in railway fares and freights.

(2) Large increase in movement of stores owing to the assumption by Government of responsibility for feeding, clothing and equipping the Indian army and the consequent centralization of purchase and distribution.

(3) More travelling by individuals on inspection and other duties consequent on insistence on a higher standard of training and to attend courses of instruction.

(4) More frequent move of troops.

Expenditure on travelling and transportation is particularly difficult to control : policies and activities may be undertaken without full consideration of the expense, direct or indirect, which they may cause in transportation costs : and a large number of individual journeys, *e.g.*, on inspections, may be authorised, each possibly desirable in itself and costing comparatively little, which in the aggregate involve very heavy expenditure. We recommend that the necessity for confining expenditure under this head to what is absolutely essential should be brought specially to the notice of all concerned ; that the cost involved in movement of supplies and stores should be carefully watched : and that in the case of inspections, etc., every endeavour should be made to

utilize the service of one officer to carry out the requirements of several departments. We understand that the Quarter-Master General has already taken steps on these lines. Apart from this general observation, we make the following recommendations on certain of the particular items of expenditure under this head.

(*a*) *Annual relief movements of troops.*—Before the war units were more or less localized and tended to remain for long periods in the same station. Now-a-days units move in regular rotation which gives each its proportionate share of good and bad stations including a period of service on the North-West Frontier. The programme of reliefs is limited to a cost of Rs. 15 lakhs and the sum included in the 1931-32 budget is Rs. 14½ lakhs. We have carefully considered whether we ought not to recommend that in the present financial stringency the system of annual reliefs should be suspended. But it has been pointed out to us that service on the frontier involves specially trying conditions and in fact we are informed that of 26 stations classified as " bad " for Indian infantry no fewer than 22 are on the frontier. We therefore restrict ourselves to recommending that for the next two or three years the system of reliefs should be confined to a comparatively narrow circle near the frontier, the object of the moves being to give relief to those on the frontier. We hope that by this limitation it may be possible to reduce the cost from Rs. 14½ lakhs to not more than 5 lakhs.

We also recommend that the list of ' good ' and ' bad ' stations should be reviewed to see whether changed conditions, and the provision of amenities for troops, and measures for the improvement of health, such as those for anti-malarial purposes, may not have altered the classification of stations hitherto regarded as " bad ".

(*b*) *Furlough passages for Indian Army.*—Prior to 1926 free passages home were granted yearly to not more than 30 per cent. of Indian Officers and other ranks, or 34·8 per cent. in certain frontier stations. In addition troops stationed more than 800 miles from their recruiting centres were allowed free passage up to 20 per cent. yearly of the classes affected. In 1926 100 per cent. were allowed 2½ months furlough with free passage and in 1928 the present rules were introduced restricting the concessions to 50 per cent. annually for those who have two years service. The cost for 1931-32 is estimated on page 264 of the Budget at Rs. 9,50,000 lakhs. We recommend that free furlough passages for Indian soldiers should not exceed two in the normal colour service of 7 years and we estimate that the annual saving would appoximate to Rs. 3 lakhs.

(*c*) *Furlough Passages to the U. K. for British soldiers.*—(*1*) Prior to 1928-29 non-departmental warrant officers and all N. C. Os. of the Indian unattached list were granted free furlough to the United Kingdom within an annual limit of 100. In 1928-29 this limit was removed and there is now no numerical limit to the numbers who may be granted free furlough annually provided they fulfil certain conditions laid down in regulations (*e.g.*, have completed six years continuous service in India and have re-engaged and have two years' unexpired service on return from leave). We recommend that the annual limit of 100 should be reimposed.

(2) British regimental warrant officers and N. C. Os. and, within the limit of 490 annually, lance corporals and privates are now eligible for the grant of free furlough to the United Kingdom provided that they fulfil certain general conditions (*e.g.*, have completed six years continuous service abroad and have two years' unexpired service on return from leave). We recommend that in addition to the conditions already laid down, it shall be a condition of eligibility for the concession that the soldier has served at least four years in India continuously.

(*d*) *Removal of soldiers and their families to the hills.*—We deal with this service under "Miscellaneous Service, etc.". If our recommendations are accepted a considerable portion of the total saving of over Rs. 5 lakhs will be in respect of transport (the present cost of which in this connection is given as Rs. 4,81,000).

(*e*) *Embarkation Staff.*—The embarkation staff stationed at Bombay and Karachi deals with the reception and despatch of British and Indian troops and the shipping and receipt of stores. The staff consists of 9 officers (including 1 officer of the I. M. S.) of whom 3 are stationed at Karachi and 6 at Bombay, and 131 others including Assistant Surgeons, clerks and menials. The cost is shown on page 262 of the Army Budget as Rs. 4,07,000. The cost and establishment seem high. We have been informed that the Quarter-Master General, with whom we discussed the subject, is proposing to effect economies of some 30,000 rupees a year. We do not know precisely how these economies will be effected and, while we gladly recognize the steps which are being aken, we are of opinion that the staff is excessive and recommend that the staff be reduced from 3 to 2 at Karachi and 6 to 4 at Bombay, officers being attached temporarily during the busiest season. In particular we are not clear as to the necessity for an I. M. S. officer permanently attached to the staff.

(*f*) *Travelling warrants.*—Under existing rules officers only proceed on warrants on certain limited occasions. Generally they receive travelling allowances from which they pay the cost of their tickets and the incidental expense of the journey. Thus an officer travelling on a permanent move receives in effect the value of three first class tickets *plus* free conveyance of baggage by goods train. If he is married he receives in addition the value of a first class ticket for each member of his family. Thus after paying for first class tickets he has over the value of two first class tickets for incidental expenses and the cost of his servants' tickets. On a temporary move he receives in effect three-fifths of the first class ticket for incidental expenses in addition to the value of a first class ticket. In principle the present rules provide for the payment to the officer of a cash sum with which he has to get himself, his family and his servants to their destination: how he does so, whether, *e.g.*, by car or rail is not regarded as the concern of the Government. The basic principle of the warrant system is that the officer receives conveyance in kind for himself, his family and servants, if they are entitled to travel at the public expense. For this purpose a warrant is issued, the only cash paid to the officer being an appropriate allowance to cover incidental expenses. We consider that the latter system is preferable. It ensures that the officer travels by rail, and so secures a return to Government through railway revenues, and it is in our opinion less open to the possibility of a profit being made out of travelling. We therefore recommend its accept-

ance. But the system may lead to increased expenditure on audit of the warrants both by the railways, and when they are presented for payment, by the Army Audit authorities. We recommend therefore that such audit should be reduced to a minimum and that its cost should not be disproportionate.

(*g*) *Saloon cars and special rail accommodation for senior officers.*—There are, we understand, four saloon cars maintained for use of Principal Staff Officers at Army Headquarters and one for the General Officer C.-in-C. of each Command. For these saloon cars a hire charge is paid to the railway companies of 9½% on capital cost *plus* haulage charges. The hire charge for the eight saloon cars amounts to approximately 19,000 rupees a year: the haulage charge for the Headquarters saloon cars is approximately 82,000 rupees (figures for the haulage charges for the Command saloon cars are not, we were informed, readily available). Hitherto, saloon cars have been used by other officers when not required by the Principal Staff Officers. This practice has now, we are informed, been discontinued, at a saving of 1,000 rupees a year. We are not however satisfied that the retention of saloon cars is justifiable, and we recommend that, in lieu of these cars, Principal Staff Officers and the G. O. C.-in-C. of a Command should be given the use of a 1st class carriage (8 berths).

We understand that certain senior officers belonging to Army Headquarters who have hitherto been allowed a four-berth compartment when touring will in future be restricted to a coupe, or half of a four-berth compartment, with a resultant saving of 15,000 rupees a year. We agree with the proposed action and consider that our recommendations in these respects be brought to the notice of the General Purposes and Railway Sub-Committees for co-ordination of action in regard to other services.

General reduction in provision for travelling and outstation allowances and rail charges.—Apart from the reductions on furlough passages and annual relief movements mentioned above, we recommend a 10% cut in the provision under the other items in minor heads (*d*) and (*e*) of Head VII sub-head A of the Army Budget making a saving of some 1,18,000 rupees.

Grade of accommodation granted to officers and others travelling on duty by private steamers.—We were furnished at our request with a statement showing the grade of accommodation allotted to officers and others travelling on duty by private steamers. In some cases this appears to us unduly high. For example officers from the rank of Colonel to those of the rank of Major travel 1st saloon A by P. & O. steamers. At our suggestion the military authorities have reviewed the present scales and are prepared to recommend modifications which will result in a saving of 61,000 rupees annually. But the present scales have been laid down at an interdepartmental meeting between the India Office and between various departments of the Home Government, and those departments must be consulted before changes are made. We recommend that steps be taken to give effect to the military authorities' proposals as early as possible.

SUMMARY OF RECOMMENDATIONS.

Animal and Mechanical Transport: Hired Transport and other Transportation Charges.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
(1) Reduction of 24 officers in the I. A. S. C. animal Transport Units	..	2,50,000	1,25,000
(2) Replacement of 48 B. O. Rs. by educated Indians, unless in any exceptional circumstances the appointment of a B. O. R. is considered essential	..	1,00,000	..
(3) Disbandment of animal transport of part of field Army except in so far as it is fully utilised for peace requirements and effects a commensurate saving on hired transport.	..	No estimate possible at moment.	..
(4) Replacement of two camel companies (lower establishment) on mobilization by hired mechanical transport and a camel company to be maintained in the Punjab	..	1,00,000	1,00,000
(5) Suspension of proposed purchase of 264 4-wheel motor lorries	12,00,000	..	..
(6) Reduction of stocks of spare parts and stores for mechanical transport vehicles ..	15,00,000	..	5,00,000
(7) Standardization of types of vehicles: maintenance by manufacturers of stocks of spares	..	..	..
*(8) Reduction of staff and expenditure at Mechanical Transport Establishments	..	7,00,000	7,00,000
(9) Use of repair shops at Chaklala for repair of R. A. F. motors and vehicles	..	..	..
(10) Military launches; abolition of all, except such as are absolutely necessary at Bombay	..	1,50,000	1,50,000
(11) The use of hired transport should be reduced to a minimum (saving not estimated) ..	..	..	..
(12) The expenditure on transportation of troops and stores by rail should be confined to what is absolutely essential and should be carefully watched (saving not estimated)	..	..	..
(13) The annual relief movement of troops should for the present be confined to a narrow circle near the frontier. The list of "good" and "bad" stations should be reviewed in the light of present conditions and amenities ..	..	9,50,000	9,50,000

* Majority recommendation.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
(14) Furlough passages for Indian troops should not exceed two in a normal colour service of 7 years.	..	3,00,000	3,00,000
(15) Furlough passages to the United Kingdom in the case of British soldiers on the Indian Unattached list should be limited to 100 a year; in the case of regimental N. C. Os. and men should be confined to those who (*inter alia*) have served at least 4 years continuously in India.			
(16) Removal of soldiers and their families to the hills. This is dealt with under the Adjutant General's miscellaneous schedule	..	..	..
(17) The reduction proposed by the Q. M. G. in the cost of the embarkation staff should be realised: and if possible further reduction should be made	..	30,000	30,000
(18) Substitution of a system of travelling warrants for the present system of cash allowances for rail journeys	..	..	..
*(19) Use of intermediate class in lieu of 2nd class by British troops travelling as individuals	..	No saving. Only 3rd class fare is paid for 2nd class accommodation.	..
(20) Abolition of saloon cars, and substitution of 1st class carriages (saving not estimated)	..	..	..
(21) Restriction of A. H. Q. officers now entitled to tour in a 4-berth compartment to a coupe or to half a 4-berth compartment ..	..	15,000	15,000
(22) 10 per cent. cut in certain items of provision for travelling and outstation allowances..	..	1,80,000	1,80,000
(23) Review of grade of accommodation authorised for officers and others travelling on duty by steamer	..	61,000	..

* Majority recommendation.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
The Q. M. G. has suggested various economies totalling so far as the ground covered above is concerned and so far as he has been able to evaluate the services to, say, recurring charges of Rs. 3,70,000 in D. M. Q.'s sphere of responsibility, Rs. 11,80,000 recurring and Rs. 48,25,000 initial in D. S. T.'s sphere of responsibility. Of these Rs. 1,07,000 in D. M. Q.'s directorate have been included in the above figures, and of D. S. T.'s saving Rs. 5,00,000 recurring and Rs. 15,00,000 initial have been included in the above figures, leaving to be added to the above figures Rs. 2,63,000 recurring in D. M. Q.'s sphere, and Rs. 6,80,000 recurring and Rs. 33,25,000 initial in D. S. T.'s sphere. (It is understood that some of the saving of expenditure on M. T. is merely a postponement expenditure)			..
Total (in list above) ..	27,50,000	28,36,000	30,50,000
From Q. M. G. ..	33,25,000	9,43,000	9,43,000
Total ..	60,75,000	37,79,000	39,93,000

CHAPTER VII.—REMOUNTS.

The expenditure has increased as follows :—

	1913-14.	1931-32.
Remount Depots	27,33,000	14,55,000
Cultivation Farms		5,90,000
Horse and Mule breeding operations ..		5,90,000
Purchase of animals		23,77,000
Total		50,12,000

2. Before the war the Army Remount Department performed a very small portion of the proper duties of such a service. It was responsible only for the provision of horses (except for Silladar Cavalry which provided their own) and of mules. Its functions were confined to the purchase and supply of animals but it was not responsible for giving expert advice on the control and distribution of animals in Commands and Divisions. The Department did not organise the resources of the country for war—nor was it responsible for supervising the mobilization of animals. It had little concern with officers' chargers.

3. We were informed that, since the war, the additional responsibilities assumed are mainly :—

(1) provision of transport mules and officers' chargers ;

(2) organisation of animal resources of the country ;

(3) supervision of mobilization of animals and remount units in the field.

4. The Department is responsible for the encouragement of horse and mule breeding by private breeders in five areas with headquarters at Rawalpindi, Sargodha, Lyallpur, Montgomery and Meerut. It also maintains two breeding studs, two young stock depôts and three Australian remount depôts where imported horses are acclimatised before issue to the Army.

5 The total annual requirements of horses and mules are as follows :—

	Establishment.	Annual requirements.
Horses	24,130	3,336
Mules	24,768	2,230

These annual requirements are calculated on percentages determined by the useful life of each class. The sources of supply are as follows :—

		Annual requirements.
Draught horses	Australian ..	663
Rides, Class I	Australian ..	342
	Indian ..	180
Rides, Class II	Australian ..	1,120
	Indian ..	520
Riding Ponies, Class I	Australian ..	65
Riding Ponies, Class II	Indian ..	74
Artillery Mules	Mostly American. Some bred in India.	384
Equipment and transport mules ..	Indian bred ..	1,674

The cost to the State of imported horses is said to be—

	Rs.
British Service horses	943
Indian Service horses	763

Indian bred horses, including purchase price, and maintenance for three years in depots, cost about Rs. 1,200 at time of issue for service. Imported artillery mules cost Rs. 900, Indian bred mules Rs. 800 and Army transport mules Rs. 350.

6. As the result of mechanisation the establishment of horses has been reduced by 3,430 and of mules by 6,500, and animal replacements have been reduced by 409 horses and 520 mules at a total saving of Rs. 16 lakhs a year.

7. Before the war there were 18 Remount Officers and 10 Veterinary Officers. In 1927 the unseconded attached regimental officers were seconded at a cost of Rs. 2,32,000 and at the present time there are 30 Remount Officers and 8 Veterinary Officers in the Department. The former are distributed as follows :—

Army Headquarters	3
Commands	4
In charge depots	6
Assistant and Deputy Remount officers	17
	30

We do not consider that it should be necessary to maintain three officers at Army Headquarters as well as four in Commands and we recommend that the four Command appointments be abolished. The need for as many as 17 Assistant and Deputy Remount officers is also open to question. With one exception, we consider that it should be possible to place depots in control of the Veterinary Officers with Indian officers to assist them and we recommend that a

scheme be worked out on these lines and a number of Assistant and Deputy Remount officers be replaced by Indian officers. We observe that 26 British other ranks are maintained and we recommend that these be replaced by Indian ranks.

8. Owing to the existence of a large number of over-age horses, a scheme has been in operation to rectify the position and up to date Rs. 10 lakhs have been spent. We understand that further provision will not be made for the present. We agree to this action which will save Rs. 2 lakhs next year.

9. We were informed that the reserve of horses maintained is 1,000, and of mules, 200. We doubt whether there is justification for maintaining so large a reserve at the present time and we recommend that it should be abolished or, at any rate, reduced to half its present size. Taking the average cost of a horse and a mule at Rs. 800, this latter course would save nearly Rs. 5 lakhs in purchases next year and about Rs. 1,50,000 a year on feed and keep. We also recommend that further encouragement be considered in the "bound" breeding areas so that any need for a reserve should disappear.

10. We have gained the impression, here as in other spheres of our enquiry, that very high standards are insisted upon. It has been stated to us that during the war some 50,000 animals were purchased in India, an average of some 12,000 animals a year; yet at present it is necessary to import some 2,200 horses out of the annual requirements. We are convinced that, if the standard could be lowered without serious loss of efficiency, considerable economies would be possible and the matter should be carefully investigated.

11. We note that an officer is sent to America annually to purchase mules for the Indian Army. We consider that enquiry should be made whether the purchases for Home and Indian requirements could not be made by one officer with consequent economy. Further, a retired officer of the Remounts Department is paid £300 a year for his services in purchasing 10—12 stallions annually. We consider this an expensive arrangement and recommend that enquiry be made whether the War Office could not make cheaper arrangements.

12. We note that Australian horses are maintained for some 9 months in the Remount Depots in order to acclimatise. The cost of maintenance of the establishment of 2,500 horses at these depots is stated to be about Rs. 5 lakhs and there are further heavy charges in supervision and administration. We were informed that it was cheaper to keep these horses at the depots than to keep them with units, but there would be real financial saving only if the shortage in horses in units was equal to the number in the depots. At present 25% of horses are sent straight to cavalry units and we recommend that at the present time the policy be reviewed and either the system of depot acclimatisation be abolished or the number of horses so maintained be very largely reduced.

13. We are informed that infantry officers and officers of dismounted units who are entitled to be mounted are allowed to purchase over-age cast horses at Rs. 80. We consider that officers of such units should be further encouraged to purchase animals of this class in lieu of optional chargers from remounts. As regards the casting of horses, we suggest with some diffidence that the age might be extended in present circumstances so that it would be

an exception to cast under 17 years. We also feel that it should not be necessary to maintain such a high standard of horses for use in connection with internal security duties. In regard to casting, we recommend that improved advertising methods be devised so as to secure better prices.

14. We also recommend that, as the "unbound" breeding areas do not give a proper return, they should be abandoned and possible savings effected on travelling expenses and on maintenance of stallions.

15. We notice that nearly six lakhs of rupees are expended on cultivation farms for the production of grain and fodder for the animals in the department. We have not investigated whether this is an economical arrangement. We recommend that the whole question be examined and a report made to us at our later meeting.

16. We have been informed that the Quarter-Master General, as a result of our discussion with him, has appointed an expert committee to enquire into several of the points considered by us. These are—

(1) abolition of one depot;

(2) concentration of studs;

(3) reduction of British other ranks and substitution of Indians;

(4) acclimatisation;

(5) raising of casting age;

(6) acceptance of lower standards;

(7) reduction in the number of chargers now maintained by officers either obligatory or optional.

Enquiry is also being made as to the issue of syce and forage allowance for, and the sale at concession rates of, optional chargers.

We strongly recommend that these questions be most carefully reviewed and every attempt made to reduce the heavy cost of this department by at least five lakhs of rupees a year.

REMOUNTS.

Summary of recommendations.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs	Rs.	Rs.
(1) Abolish 4 officers in Commands	..	75,000	75,000
*(2) Substitute Indian officers for Assistant and Deputy Remount officers—ultimate saving ..	..	1,00,000	..
(3) Reduction of purchases to replace over-age horses	2,20,000	..	2,20,000
(4) Reduction of reserve of horses and mules ..	5,00,000	1,50,000	6,50,000
(5) Various measures, such as reduction of standards, amalgamation of depots and studs	..	4,00,000	4,00,000
Total ..	7,20,000	7,25,000	13,45,000

*Majority recommendation.

CHAPTER VIII. -VETERINARY SERVICES.

The establishment of these services has varied as follows :—

	1914.	1922.	1931.
British officers	64	81	66
British other ranks	23	23	4
Veterinary Assistant Surgeons		219	132
Clerks	29	47	54
Indian other ranks		1,470	542 *plus* 222 reservists.
Followers, etc.	4	121	90

The cost in 1913-14 was approximately Rs. 5 lakhs; the provision today is nearly Rs. 10 lakhs.

2. At present there are 30 veterinary hospitals Class I and 16 Class II. It is stated that there is not much difference between the two classes but a review has been made and several hospitals have been reduced to Class II at a saving of Rs. 18,000. We recommend that further reductions be made if possible.

3. We understand that of the establishment of officers two are at Army Headquarters and one in each Command. At present, appointment as Veterinary officer is limited to those possessing the qualifications of a Member of the Royal College of Veterinary Surgeons. Indians are, we understand, now taking up this qualification in increasing numbers and should be available for appointment on emoluments lower than those at present drawn by British officers. We recommend that future appointments be filled from this class as far as possible and in addition, Veterinary Assistant Surgeons should gradually replace the present class of officers in the less important appointments.

4. There are at present 11 military students at the Punjab Veterinary College who cost the State Rs. 20,000 a year. We understand that this system of training and recruitment will be discontinued giving a saving next year of Rs. 11,000 and an ultimate saving of Rs. 20,000 a year.

5. The present reserve of I. A. V. C. is to be reduced to 100 saving Rs. 10,000 a year. We recommend a further reduction to 50 saving a further Rs. 5,000 a year.

6. Various other proposals for economy are under consideration by the Quarter-Master General involving a recurring saving of Rs. 33,000 next year and we recommend that these proposals be brought into effect without delay.

CHAPTER IX. MEDICAL SERVICES AND MEDICAL STORES DEPOTS.

The expenditure on establishment charges of the Medical Services is as follows (in thousands) :—

	1913–14.	1931–32.
India	79·74	1,48 09
England		15,50
		1,63,59
Less receipts		3,20
Net		1,60,39

2. In addition to the above charges in the current year may be added, in order to complete the picture, the following approximate figures :—

	Rs.
(*a*) Supplies of medicines and instruments	15,00,000
(*b*) Provision and supplies	12,00,000†
(*c*) Clothing for patients	2,68,000
(*d*) Rations and clothing of I. H. C.	4,00,000
(*e*) M. E. S. charges for hospital work in progress and new hospitals..	12,50,000

3. The staff is as follows (the figures for 1914 and 1922 are taken from the Inchcape Report) :—

	1914.	1922.	1931.
R. A. M. C. officers	333	332	290+10 R.A.F.
I. M. S. officers	273	495	397
B. O. R.	..	450	460+27 R.A.F.
Assistant Surgeons	436	416	365
Sub-Assistant Surgeons..	731	739	742
I. H. C.	6,512	12,065	9,413
I. H. C. Reserves			4,300
Nursing sisters	91	267	279
Dental officers	7	18	26
Army Reserve of Officers	..	..	339

4. The numbers for whom attendance is provided, including women and children in the case of British troops and followers in the case of Indian troops, are stated to be as follows :—

	1914.	1922.	1930.
British	98,500*	90,286	82,230
Indian	221,000	217,763	188,926

* The number of women and children for this year is not available but has been calculated in proportion to other years.

† This does not appear to include the value of dairy produce issued by the Farms Department amounting to over Rs. 8 lakhs.

The number of hospitals is stated to be as follows :—

British Military Hospitals	83	
Indian Military Hospitals	95	
Hospitals in which number of beds are—	B. H.	I. H.
Less than 20	26	19
Above 20 but less than 30	7	9
Above 30 but less than 40	9	15
Above 40 but less than 50	7	12
Above 50 but less than 100	25	21
Above 100 but less than 200	8	15
Above 200 but below 300	1	3
Above 300	..	1
Total ..	83	95

5. As regards the establishments of R. A. M. C. and I. M. S. officers, no definite basis is given to fix the strength in relation to the numbers of personnel served. There is apparently no fixed ratio of officers to the number of hospitals or to the amount of hospital accommodation. We have been informed that the number was originally fixed in proportion to the strength of troops but the present establishments are stated to be arbitrary. We were told for example that if a medical officer ceased to be required on disbandment of a battalion on the frontier, the establishment would not be reduced as the officer would be allotted to make up the number required on the outbreak of war. The establishment apparently has relation to mobilization requirements as we have been informed of the shortage in that event but what that relation is we have not been informed, as the question is not finally settled.

6. We have examined various methods of calculation which have been recommended in the past :

(*a*) The Medical Services Committee (Verney Lovett) of 1919 held that the strength of medical officers for British troops should be calculated at 3 per mille *plus* a leave reserve : the Director of Medical Services of that time considered that a peace establishment based on 3·5 per mille would probably suffice. Calculated on the present strength of British officers and other ranks—about 68,000 including R. A. F.—this percentage would give a requirement of 255 officers for the R. A. M. C., whereas the number provided for under the head "British Military Hospitals" is 264 to-day. The 3 per mille recommended did not, however, include provision for higher administrative appointments, for which there would be a margin of 26 according to our calculation.

(*b*) As regards I. M. S. officers, a committee of Indian Medical Service officers which worked out the details of the scheme for Indian Station Hospitals considered that 260 officers was the minimum required for about 192,000 troops and followers. The

present strength of troops and followers is 189,000 and in the same proportion 256 officers would be required to-day. We are informed that the actual number engaged to-day on station duties is 267 exclusive of administrative and special appointments for which the balance of 130 officers seems excessive.

(*c*) The number of beds available in the case of British personnel has been reduced from 8,684 in 1922 to 5,723 to-day. If a ratio were accepted between the number of officers and the accommodation in hospitals, the 332 R. A. M. C. officers of 1922 would be reduced to about 218 to-day. Similarly the accommodation for Indian troops has been reduced from 13,750 in 1922 to 7,020 to-day. With this reduction the 495 I. M. S. officers of 1922 should be about 253 to-day.

We realise that it is not possible to base the strength of officers entirely upon such calculations, but at the same time we do submit that the trend of these figures indicates that some reduction in superior staff should be possible.

7. We find it very difficult to make definite proposals to satisfy the urgent need for retrenchment in the superior staff of these services especially as the medical authorities themselves have not been able to help us, in this case, towards a solution. We are thus forced to make our own estimates with regard to general considerations and we feel the more justified in so doing, inasmuch as the present strength of the superior services is, so far as we have been able to ascertain, based upon considerations which are also of the most general character. The considerations which influence us are—

(*a*) The cost of the medical services has been doubled since 1914 despite a considerable reduction in the forces served. In 1913-14 the cost of the medical services was 79·7 lakhs apart from the cost of maintenance of hospitals, clothing, medicines, etc.; to-day the corresponding figure is 160 lakhs. That cost now represents a very considerable proportion of the total cost of the administrative services and we cannot help feeling, after a very detailed investigation of the case, that the whole organisation is maintained on a scale which the country cannot possibly afford.

(*b*) The general health of the troops, both British and Indian, has greatly improved of recent years. We are informed that the death rate since 1900 has fallen from 14·6 per thousand for British and 14 per thousand for Indian troops to 2·78 and 3·3 respectively in 1930. The admission rates per 1,000 during the period 1904—1908 was 840 for British and 639 for Indian troops. In the period 1920—30 it was 617 and 398 respectively. For this improvement a full meed of praise is due to the medical services. But at the same time we consider that the improvement continues to exist under conditions which are now, in large measure, stabilised. We refer to the higher modern standards of barrack and hospital accommodation and lighting—which alone in the last four years have cost over 4 crores of rupees; water supply has been greatly improved everywhere. The incidence of disease

has fallen to a marked extent as a result of inoculation against enteric which once levied so heavy a toll on the Army. Anti-malarial measures and improved drainage schemes have been carried out generally in cantonment areas. The arrangements for feeding and clothing troops have reached a high and expensive standard, nor would we omit to notice the provisions for the mental and moral well-being of the troops. All these measures in their cumulative effect have cost the State many crores of rupees and we cannot but feel that it is unnecessary to maintain the present high standards of supervision and that we, therefore, can fairly recommend a reduction in the expenditure, on this account.

(c) Further—and this we regard as a very important consideration which involves a change of policy—there exists a staff of 365 Assistant Surgeons for British troops and of 742 Sub-Assistant Surgeons for Indian troops, whose services, we consider, should be more extensively employed in a higher capacity than at present. We have been informed that, as regards Assistant Surgeons, they have proved satisfactory when they have held full charge and we further understand that some 90% of cases admitted to hospital are of a character which would fall within the capacity of this class. In making this recommendation we are following the advice of the expert Verney Lovett Committee of 1922 to which we have already referred. Similarly, as regards Sub-Assistant Surgeons, we consider that on the evidence given to us they should be entrusted with greater responsibility. It must be remembered in this connection that it is on these two classes that the health of the civil population very largely depends.

8. On these general considerations therefore we recommend that the present establishment of R. A. M. C. officers should be reduced from 300 (including R. A. F. officers) to 250 and of I. M. S. officers from 397 to 350. These reductions should be effected with the greatest expedition possible. Calculating on the average cost, we estimate the saving at about Rs. 14,00,000 a year.

9. We desire to refer to another matter which is relevant at this point. Figures supplied to us show that there are at present 208 European officers in the I. M. S. and 111 permanent Indian officers. According to the ratio of European to Indian officers which we understand is in force, there should be 270 of the former. We understand that great difficulty is experienced in attracting recruits at home despite the liberal terms offered which include a gratuity of £1,000 at the end of 5 years and £2,000 at the end of ten years if the officer retires, and in order to make up the deficiency 81 Indian officers are maintained on a temporary basis and most have served for periods ranging from three to nine years at the end of which they are liable to be discharged without any gratuity. We consider that such a system is neither fair to the young officers concerned nor productive of efficient and economical service to the State. The majority of us further consider that the ratio of Europeans to Indians should disappear in the regulations as it has disappeared in fact and that the present temporary Indian officers, if they have proved suitable, should be confirmed in their appointments. In making our recommendations for reductions in the

cadre of the Indian Medical Service the majority of us desire to emphasise that they do not intend a reduction in the present grade of temporary officers but in the more expensive appointments.

10. The number of R. A. M. C. other ranks maintained as nursing orderlies in British hospitals is 460. There was no such establishment before the war when these duties were performed by men detailed from the fighting units without replacement. The cost of this establishment is about Rs. 7 lakhs a year. In addition there still remain some 683 nursing orderlies from regimental establishment of whom 365 are trained and 318 under training. While we appreciate the reasons which have led to the establishment of such a nursing service no longer maintained at the expense of fighting strength, the majority of us are definitely of opinion that it should be formed from Anglo-Indian or Indian personnel. The main objection urged to this proposal is that it would be difficult to maintain discipline in the wards without British orderlies. We think that this is a difficulty which is by no means insuperable particularly if a number of British orderlies remained for supervision in the larger hospitals. We would recommend the retention of 100 British orderlies and the replacement of the others (on pay much lower than that now drawn by British orderlies) by Anglo-Indian or Indian nursing orderlies; if the latter, if possible, those with some slight knowledge of English. In the latter case the saving in pay alone for 360 personnel would be about Rs. 3½ lakhs apart from savings on capitation rate, rations and clothing. One of our colleagues considers that only half of the present establishment should be so altered and another draws attention to a note he has appended.

11. As regards Assistant Surgeons numbering 365 who are maintained solely for British hospitals, we have already recommended that they should be employed in more responsible positions replacing superior officers in full charge of suitable units. They should, we think, be designated Assistant Medical Officers. This branch of the service should be opened to Indians as well as Anglo-Indians, though a number not exceeding 20% of appointments should, we think, be definitely reserved for the latter community. The present rates of pay are, we think, too liberal and a scale of Rs. 200 to Rs. 500 should suffice.

12. Sub-assistant surgeons with Indian troops number 742 compared with 739 in 1922, though the number of Indian troops and followers has fallen from 218,000 in the latter year to under 189,000 at the present time. We understand that it is proposed to reduce the number by 50 and form a reserve of 150 with a saving after the first year of Rs. 41,000. We agree with the proposed reduction but consider that it should not in the present times be accompanied by any further formation of reserves. We have recommended that these sub-assistant surgeons should be more extensively employed in more responsible positions and we therefore make no further recommendations.

13. The number of British nursing sisters is 224 compared with 91 in 1914 when the number of British personnel was much higher. The pay of the British nurse ranges from Rs. 265 as Staff Nurse to 680 as Lady Superintendent, while the pay of the Indian Nursing Service ranges from Rs. 175 to Rs. 275. The allowances of the former are also higher. A substantial saving would thus be effected by replacing the British nursing service throughout by Anglo-Indian and Indian nurses who, after all, mainly staff the civil hospitals in India.

The majority of us therefore recommend that the latter class alone should be engaged in the future. We recognise that this involves a change of the present policy that British attendants should be furnished for British troops but with one exception, we maintain that such a change should be made in the present times.

14. As regards accommodation in hospitals, British and Indian, we note that there has been a substantial reduction since 1923 when the Inchcape Committee made its recommendations. The number of beds was then 22,400 : it had fallen to 12,700 in 1930. We have had very full statistics of the extent to which this accommodation is utilised and the evidence indicates that in most cases the accommodation is still very considerably in advance of the average daily number of sick and also usually well in advance of the highest number of sick on any day in the last few years. Though there are a fair number of exceptions, we do not recommend a further reduction of beds under the present system but rather propose a change of that system. In the majority of stations there exist separate British and Indian hospitals both incompletely occupied and we are strongly of opinion that these should be amalgamated wherever possible as has already been done in some cases and is being done in future construction. Separate wards should be retained for British and Indian personnel. The supervising, nursing and orderly staff should, however, be common to both sections. We understand that this system could be generally adopted provided that the policy to which we have referred is changed, subject to adjustment of accommodation in certain stations. Amalgamation on these lines would result in very considerable savings and we recommend that it should be brought into effect without delay in every possible case. The cadre of officers is likely to be materially affected by such amalgamations and we propose that any reduction in the establishment which can be secured by amalgamation should be in addition to those already recommended on general grounds. In this connection it has been represented to us that the scales and stocks of equipment and clothing of hospitals are on a liberal scale. Amalgamation of hospitals should secure some reduction, but we consider that occasion should be taken to review both the scales and the stocks held on charge in order to secure economy.

15. We observe that there has been a great increase in the strength of the Indian Hospital Corps. Before the war for a larger number of troops there existed a formation known as the Army Bearer Corps numbering about 6,500. The present Corps numbers 9,413 and and there is also a sanctioned reserve of 4,300 (the actual number at present being 3,060), the latter being an entirely new formation.

The Corps is made up of 4,926 General Section, 2,229 Ambulance Section and the balance is divided into Nursing, Stores and clerical sections. The General Section provides for some 834 cooks, 808 water carriers, 1,168 ward servants, 732 washermen, 94 barbers and 1,290 sweepers. Further, we are informed that of the Ambulance Section about 1,000 men are needed for peace requirements and that the balance costing some Rs. 1,80,000 are a definite war provision.

We consider that this very greatly increased establishment should be substantially reduced in existing circumstances and the maintenance in peace of 1,200 men for mobilization purposes seems to us, under present

conditions, hard to justify. We recommend that the total strength be reduced to this extent but we leave the actual distribution of the reduction to be made in the most convenient manner by the medical authorities. As regards the reserve, which is a new departure, we consider that here, as in the case of other mobilization reserves of personnel, animals and stores, the financial position renders it imperative to reduce the scale of insurance. This I. H. C. reserve, we are informed, costs about Rs. 1,00,000 a year, and we recommend that the actual numbers be reduced to 2,000 only and that further savings on the remainder be secured by limiting the training for the nursing sections to a fortnight in the year or to one month in two years as may be most convenient.

16. We note that an establishment of 26 Dental Officers and 43 B. O. Rs. is maintained for British troops as compared with 7 officers in 1914. It was stated that the saving on this establishment as compared with the cost of a contract system with private dentists is very considerable. It is under contemplation to extend this service. We recommend that Assistant Surgeons be given more advanced training in dentistry (which is already to some extent part of their course) and that the present dental service be gradually eliminated, save for 10 officers who should be retained to supervise the work of Assistant Surgeons. At this stage we would also state that we see no reason to maintain an officer of the dental service at Army Headquarters.

17. We are informed that 91 officers of the medical services obtain an additional allowance of Rs. 100 a month for being in possession of specialist qualifications. We see no reason for the continuance of such allowances. Officers obtain study leave on liberal terms to enable them to qualify in special branches of their profession and being so qualified they have better chances of promotion and posting to better stations. The majority of us think, therefore, that this special allowance should cease forthwith and a saving of over one lakh be secured.

18. In the Pathological and Hygienic Branches of the Service there are the following officers :—

Army Headquarters	3
Commands	5
District Headquarters	23
Brigade Laboratories	12
Others	2
Total ..	45

While we appreciate the value of the work done by these officers as explained in a very full note which has been furnished to us, we consider that at the present time and in view of the general considerations to which we have already referred in paragraph 7, it is in this special branch that room could be found for reduction in the number of officers by amalgamating pathological and hygienic duties in one person in some cases or in others by amalgamating areas of supervision. Nor do we appreciate the necessity for 8 officers at Command and Army Headquarters. As, however, we have allowed for reductions

in this sphere in our general recommendations for reduction of the R. A. M. C., and I. M. S. cadres, we make no separate specific deduction in this case. We also suggest that, where it would be economical to do so, civil laboratories be resorted to wherever they exist as has been done in Simla.

19. *Field Medical Units.*—We have been furnished with a list of these units but have no information so far of the personnel and other costs involved in their maintenance. This question is closely linked with the general question of mobilization reserves and we reserve it for further consideration and in the meantime would suggest that the matter be fully examined in order to secure economy. The D. M. S. informed us that he had already been able to make savings of nearly Rs. 3 lakhs initial and one lakh recurring in these directions.

20. As regards expenditure on hospital buildings we have already recommended to the Army Department that two projects amounting to about Rs. 12 lakhs, which were to be commenced shortly, should be postponed. The general question of hospital works will come under our review when we come to deal with expenditure on military works generally.

21. *Medical Colleges and Schools.*—The total expenditure under this head is Rs. 2,97,000 of which Rs. 1,59,000 is on account of capitation payments to local Governments. The estimate is divided as follows :—

	Rs.
Sub-assistant surgeons (220)	1,00,230
Assistant Surgeons (115)	1,96,770

We were informed that if the appointments were thrown open freely to all communities there should be no difficulty in obtaining a sufficient supply by direct recruitment without training at the cost of the State and we recommend the adoption of this method. As regards Assistant Surgeons, the difficulty appears to be that they are now recruited from one class, the Anglo-Indian, and require assistance for their training. We have already recommended that appointment of Assistant Surgeons be thrown open to Indians also and if this is done, we understand there should be no difficulty in securing sufficient numbers. The full saving under our proposals will not be secured until the present students pass out.

22. *Medical Store Depots.*—The cost is as follows :—

	Rs.
Administration and Workshop charges and local purchases	29,33,000
Purchase of stores in England	13,75,000
	43,08,000
Receipts from local Governments, etc.	34,03,000
Net cost ..	9,05,000

Against the net cost must be set off the value of supplies to the Army of medicines and instruments valued at about Rs. 15 lakhs. The trading accounts indicate a profit of Rs. 85,000, but we understand that too much reliance cannot be placed on their commercial accuracy.

The total stocks carried amount to Rs. 36 lakhs including Rs. 32 lakhs of working stocks and over Rs. 3 lakhs of mobilization reserves. It is doubtful whether the latter is wholly necessary in view of the large working stock, the bulk of which is held for other than Army requirements and can be called upon when needed. Further, we understand that the stock includes 3 months' supply of locally produced articles and 6—8 month's supply of imported articles. We consider that this stock could be safely reduced to 2 months and 4- 6 months respectively, saving about Rs. 6—10 lakhs in the ensuing year.

As regards other points considered by us the D. G., I. M. S., has promised to consider the possibility of amalgamation of depots and to revise the list of indents to see whether more articles, particularly instruments, could not be obtained in India. We also desire that investigation be made into the necessity of maintaining officers of high rank in charge of these depots as it seems probable that junior officers or senior Assistant Surgeons would suffice.

23. Having examined these services in detail, it remains for us to refer to two general considerations on which the possibility of economies on the lines we have suggested depends and to recapitulate certain arguments.

In the first place in the medical services, possibly more than in any other department of the Army, economy can only be effectively achieved by the co-operation and advice of the staff concerned, with their intimate administrative experience and their special knowledge. We fully realise the reluctance of those in authority to reduce in any way the standard of service which they have built up. They are responsible for the health of the troops in peace and for preparation for medical services in war: statistics show the high level to which they have raised the general health of the Army in peace and we have no reason to believe that their preparations for war are not equally effective. But the question is whether the country can afford the cost of the existing organisation and whether economies cannot be carried out without undue risk either in peace or war.

As regards peace, in recommending a reduction in the establishment of the R. A. M. C. and I. M. S. we have been influenced by the view, based on the evidence we have heard, that greater use could be made of the assistant surgeon and sub-assistant surgeon class, by the large number of administrative staff appointments, and by the possibility of curtailing activities now that so much pioneer and experimental work has been completed. The majority of us who have knowledge of the country also hold that many of these officers are not fully occupied during a greater part of the year. Some of us wish, on the contrary, to record that they have had no evidence to justify them in coming to this conclusion. As regards mobilization we would emphasise that since 1913-14 an establishment of over 300 reservist officers has been added and that medical assistance from civil sources can be much more easily secured than 15 or 20 years ago. We are aware of the regrettable history of the medical breakdown in Mesopotamia, (which quite naturally weighs very heavily with the medical authorities) but we have been informed by the D. M. S. that the medical arrangements on other occasions have not been found inadequate and that in Mesopotamia the breakdown was largely a question of transport. Moreover the campaign in question was not one of a kind towards

which present policy contemplates that preparations should be directed. For these reasons we think that the Government should call upon the assistance of those responsible to secure economies which will bring the cost of this service more into accord with what the country can afford.

The second general point to which we draw attention is that many of the economies recommended depend on a reversal of the policy, which has hitherto obtained, of a separation between the medical services for British and Indian troops respectively. The majority of us have recommended an immediate extension of the policy of amalgamation of hospitals, the introduction of a large percentage of Indian orderlies to attend on British patients in lieu of warrant officers, N. C. Os. and men of the R. A. M. C. and the use of Anglo-Indian and Indian nurses in lieu of relying on a service brought from overseas. From a financial point of view the advantages are obvious: a reversal of existing policy will avoid duplication of staff, stores and accommodation: will substitute orderlies drawing appropriate Indian rates of pay for those drawing more than 100 rupees a month (a sum more than the rate paid in many cases to the qualified sub-assistant surgeon who actually treats the Indian patient); and will replace nurses whose scales of pay alone run from 265 rupees to 680 by those whose scales of pay are from 175 rupees to 275. But in addition to the financial aspect the majority of us wish to stress the importance of the change advocated from a policy point of view. British and Indian soldiers fight together and are treated together in the field and we hold that the same principle should apply in peace. The abolition of the present distinctions will, in our opinion, make for that spirit of comradeship between British and Indian soldiers which it is of the highest importance to engender.

Summary of recommendations under Medical Services, etc.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of 50 R. A. M. C. officers and 47 I. M. S. officers. Saving difficult to estimate but put at	..	14,00,000	..
*(2) Replacement of 360 British nursing orderlies by Anglo-Indian or Indian orderlies	..	5,00,000	..
*(3) Replacement of 224 British nursing sisters by Anglo-Indian or Indian sisters	..	4,00,000	..
(4) Amalgamation of British and Indian hospitals—no estimate possible at this stage	..	..	..
(5) Reduction of Indian Hospital Corps by 1,200 active service and 1,000 reservists	..	3,00,000	..
(6) Gradual reduction of 16 Dental officers and replacement by trained Assistant Surgeons ..	..	1,50,000	..
*(7) Abolition of specialist allowance	..	1,09,000	..
(8) Reduction of field medical units (no estimate available)	..	..	..
(9) Abolition of system of training medical students	..	2,97,000	..
(10) Reduction in stocks in medical store depots ..	7,00,000	..	7,00,000
Estimated effect of (1) to (9) for next year ..	..	..	9,00,000
Total ..	7,00,000	31,56,000	16,00,000

* Majority recommendation.

NOTE.—It is difficult to estimate how much of the recurring saving can be secured next year, if the recommendations are accepted, as this depends on disposal of existing personnel; but for purposes of this report a rough estimate of Rs. 9,00,000 for all recommendations is assumed for 1932-33.

CHAPTER X.—Military Accounts Department.

1. The following table gives a comparison—(*a*) of the strength of the Military Accounts Department on 1st April 1914 1st April 1922 and 1st April 1931, and *b*) of the cost of the department in those years.

(*a*) *Strength.*

——	Strength on 1st April 1914.	Strength on 1st April 1922.	Strength on 1st April 1931.
Officers of the Superior Service	58	60	59
Officers of the Subordinate Service ..	25	139 (including 52 temporary appointments).	101 (including 11 additional officiating appointments).
Accountants	256	509	467
Clerks	1,575	3,194	3,736
Temporary clerks ..	125	1,746	280

(*b*) *Cost.*

1913-14.	1921-22.	1931-32.
Rs.	Rs.	Rs.
30,50,000	98,50,775	1,16,25,000

The main reasons for the increase in the numbers and cost of the department compared with the pre-war figure are :—

(*i*) The preparation of pay accounts of Indian units. Prior to 1913/14 these accounts were prepared under regimental arrangements and the cost of the staff concerned was charged to the various arms of the service which accounts for Rs. 11 lakhs.

(*ii*) The preparation of store and manufacturing accounts of the Royal Indian Marine. In 1920 an office of Controller of Marine Accounts under the Military Accountant General was formed at Bombay and took over the staff employed in the Marine Section of the late Senior Controller of Military Supply Accounts and the staff employed on the maintenance of the store and manufacturing accounts of the Bombay Dockyard under the Director, Royal Indian Marine.

(*iii*) The formation of the office of Controller of R. A. F. Accounts in 1920 to deal with the accounts of R. A. F. units.

(*iv*) The preparation and audit of Military Works expenditure. The latter was transferred in 1921 to the Military Accountant General from the late Chief Examiner of Accounts, Military Works Services, and the former in 1928 from the Military Engineer Services.

(*v*) The preparation of cost accounts of Army Ordnance and Clothing Factories. In 1922 personnel of the Military Accounts Department was posted to the Ordnance and Clothing Factories for the preparation of cost accounts.

These last four items account for Rs. 17 lakhs.

(*vi*) The preparation of priced store accounts of arsenals and of supply and store depots. In 1922 personnel of the Military Accounts Department was posted to arsenals and to supply and store depots for this purpose which accounts for Rs. 9 lakhs.

Apart from the increases in work, necessitating an increase in the staff of the department, the cost of the department has been increased by revision of the rates of pay following the revision of that of similar grades in the Civil Services, *e.g.*, in 1920 the minimum rate of an accountant went up from Rs. 110 a month in the case of those serving in the Northern area to Rs. 150 a month and in 1925 to Rs. 210, while the scale of clerks' pay, which was from Rs. 30 to Rs. 100 a month in 1914, became Rs. 50 to Rs. 170 in 1920 and Rs. 55 to Rs. 225 in 1925.

2. There are three classes of officers in this service—officers of the Superior Service, gazetted officers of the Subordinate Service, and a third class consisting of accountants and clerks, promotion from one class to the other being also permissible. The sanctioned strength of the officers of the Superior Service is 59 the actual strength being 66, the extra 7 holding seconded appointments. The 59 officers are distributed as follows :—

In charge of Factory Accounts	2
Military Engineering Services	1
Royal Indian Marine	1

The remaining 55 are distributed, broadly speaking, either as Command or District Controllers or in the offices of Command or District Controllers. Of these 55 only 47 are on active duty, the others apparently being on leave. These officers of the Superior Service are divided into three classes exclusive of the Military Accountant General who draws a pay of Rs. 2,750, a month. Command Controllers receive Rs. 2,250 a month or Rs. 2,450 when the appointment is held by a military officer. Class I officers' average monthly rate of pay is Rs. 1,702 and Class II officers' Rs. 938. There are 4 Command Controllers and 7 Class I officers of whom all but one are Europeans. The gazetted officers of the Subordinate Service number 101 with an average rate of pay of Rs. 678 a month. Among the accountants and clerks the accountants number 464 and the clerks 4,007, the average rate of pay of the accountants being Rs. 367 a month and that of the clerks Rs. 119. Among the officers of the Superior Service out of a total of 66 including 7 officers holding seconded appointments, 38 are Europeans and 28 Indians. Among the Europeans 9 were promoted from the Subordinate Service and among the Indians 4 were promoted from the Subordinate Service. After the Great War it was decided to man the Superior Service of the Department by Indian officers obtained by competitive examination except to the extent of 1/3 of the vacancies which were to be filled by promotions and it is stated in the Army Budget for 1930-31 that the latest and future recruitments are confined almost entirely to Indian civilians. From 1924 there have been 29 vacancies

filled, of which 18 have been by direct recruitment (1 European, 17 non-European) and 11 by promotion. Of those promoted 9 were Europeans and 2 non-Europeans. The direct recruitment of the European is stated to be in accordance with the policy of an occasional direct appointment of this character and we are told, was made on account of the personal suitability of the officer concerned. Every European recruit means additional cost to Government in the shape of leave privileges, overseas pay and passages. As regards the 101 gazetted officers of the Subordinate Service, the 464 accountants and the 4,007 clerks, they are distributed as follows :—

Gazetted officers.		Accountants and Clerks.
10	Factories..	473
..	Medical Store Depot	76
5	Military Engineering Service	668
2	Royal Indian Marine	68

and the balance of 84 gazetted officers and 3,186 accountants and clerks is in Commands and Districts. By the proposed amalgamation of the offices of Controller of Military Pensions Accounts at Lahore and Mhow with that of the Controller of Military Accounts at Lahore District it is stated that one Superior Service officer and 1 gazetted officer of the Subordinate Service will not be required together with 12 clerks and it is also stated that by reducing the strength of the leave reserve 2 Superior Service officers may be dispensed with. The other proposals recommended by the Military Accountant General dealt with below contemplate a reduction of no further Superior Service officers but of 8 gazetted officers and 454 accountants and clerks. Although some of the recommendations involve reduction of accountants and clerks even to the extent of 230 in one instance, no reduction of Superior Service officers and a reduction of only one gazetted officer is contemplated. Of the 9 gazetted officers proposed to be reduced seven are expected from an experiment which is proposed to be made mainly by delegating to superintendents functions of lesser importance. It is therefore noticeable that, nothwithstanding the proposal to take away 466 clerks and accountants or rather, excluding the one case with 12 clerks, 454 accountants and clerks out of a total of 3,186 clerks and accountants there is no corresponding reduction either of gazetted officers of the Subordinate Service or of officers of the Superior Service. And this becomes all the more noticeable in the light of later proposals (not however recommended by the Military Accountant General) which would have involved a reduction of additional clerks to the extent of 477 without any further reduction either of gazetted officers or officers of the Superior Service. We have to advert to this at once as we have pointed out to witnesses more than once in the course of our enquiry a retrenchment policy and programme which do not touch the officers to any appreciable extent but merely affect clerks and accountants is bound to arouse, as it has already done, bitterest opposition to any scheme of retrenchment and place the Committees and Government in a most awkward position. The accusation is bound to be made " the proposals for retrenchment come from officers and they take care to save their own cadre whether European or Indian". Unless we take care and every care to avoid any cause reasonable and plausible for such accusation, we are bound to fail in effecting economies. We on our part are determined to see that justice is done in all direction impartially.

We cannot find any system or policy on which the strength of the superior staff is fixed in relation to the strength of clerks and accountants. In the Quetta Command there are only 312 clerks and 35 accountants with 9 gazetted officers of the Subordinate Service, 3 Superior Service officers and 1 Command Controller. The Controller of Military Accounts at Lahore is a Class I officer, while in every other District there are only Class II officers. In Rawalpindi there are 875 clerks and 101 accountants, with a Command Controller and one Class I officer. But Poona and Meerut with only 504 and 495 clerks and 60 and 57 accountants respectively, have the equal privilege of having a Class I officer as well as the Command Controller. It should be noted that the average difference in pay between the two classes is Rs. 760 a head a month.

3. In the course of our examination, a suggestion was made that the Military Accounts Department should be placed under the control of the Auditor General. At present the Auditor General, in order to carry out his statutory obligations, has under him a Director of Audit and a staff to carry out a test audit of the army accounts. It is suggested that, if the accounts were directly under the Auditor General, as accounts of the Civil departments are, this test audit would be unnecessary, and the cost of the staff of the Director of Army Audit costing Rs. 4½ lakhs would be saved. The question is however one which is intimately connected with the control of Army expenditure, and we propose to defer dealing with it until we report on the general question of financial control.

4. We have had before us the following list of economies which have already been considered and decided, or practically decided, by the Military Accountant General :—

(*i*) By various adjustments of work, by the introduction of machines and by reason of the closing of the Factory and the Arsenal at Madras the Military Accountant General was able to reduce his establishment by June 1931 from that authorised on 1st April 1931 by 1 gazetted officer and 61 accountants and clerks.

(*ii*) When the new system of pension audit has been got into working order, there will be a reduction of :—

52 accountants and clerks

who were engaged in connection with establishing the new system.

The saving will take full effect by December 1931.

(*iii*) When the extra work in connection with Burma is finished there will be a saving of 14 accountants and clerks.

(*iv*) The dispensing with the reconciliation of amounts due on account of payment issues as shewn in priced store accounts with the amounts recovered as shewn in cash compilations. This will save 13 accountants and clerks.

(*v*) The abolition of Repair Allotment and Equipment Allowance schemes will save 11 accountants and clerks.

(*vi*) The amalgamation of the offices of the Controllers of Military Pension Accounts, Lahore and Mhow with that of the Controller of Military Accounts, Lahore District will save :—

1 Superior Service officer.

1 Gazetted Officer of the Subordinate Service.

12 Accountants and clerks.

As regards (*vi*) we understand it is proposed to convert Lahore District into the status of a Command Controller's office as regards pay. This means an addition on the average pay of a Class I officer of 550 rupees a month and on the maximum of Rs. 450. The reduction in the status of the Command Controller, Quetta, to that of a Class I officer which is taking place simultaneously has, in our opinion, to be judged on its merits. As will be seen from the figures given previously the Quetta Command Controller has under him 3 Class II officers and 9 gazetted officers, 35 accountants and 312 clerks, and we consider the charge is not too heavy for a Class I officer. As regards the Lahore office, the addition of the two pension accounts offices involves an addition of responsibility but we think this would be adequately met by extra pay of 200 rupees a month in addition to the ordinary pay of a Class I officer, and should not carry with it the status of a Command Controller.

Subject to the qualification in regard to number (*vi*) and to the condition regarding Superior Service officers referred to later in paragraph 7 we accept the Military Accountant General's proposals.

5. We have also had before us the following proposals for economies which the Military Accountant General recommends :

(*i*) The dispensing with the reconciliation of the amount paid for stores purchased as shown in the cash compilation with the value of the stores taken on charge as shown in the priced store accounts. This would save 12 accountants and clerks, but has not been concurred in as yet by the Auditor General. We recommend that this proposal should be adopted.

(*ii*) The abolition of the present scale of audit of Army staffs and establishments and the substitution, in lieu, of a check of figures furnished by the administrative authorities against sanctioned strengths.

This proposal would save—

10 accountants and clerks.

We do not recommend this proposal.

(*iii*) The grant of authority to Controllers to curtail audit check in unit sections of their main offices. This would result in a saving of—

42 accountants and clerks.

We recommend that this should be tried in selected offices and a final decision taken with the concurrence of the Auditor General.

(*iv*) The grant of authority to Controllers to curtail audit check in the Miscellaneous and Establishment Sections of their main offices. As the majority of the accounts are not prepared by the Military Accounts Department personnel the curtailment of this audit check would involve an element of risk. The Military Accountant General recommends that experiments in this direction should be carried out before a decision is reached. The proposal if adopted in full would save :—

22 accountants and clerks.

We agree that experiments on a small scale might be carried out, if the Auditor General agrees, and recommend that a decision should be taken as the result of the experiments in consultation with the Auditor General.

(*v*) The grant of authority to Controllers to curtail audit check of store accounts of combatant units that are audited locally.

We are informed that the curtailment would involve some risk as the store accounts concerned are not prepared by the Military Accounts Department personnel and the Military Accountant General considers that experiments should be carried out in the direction proposed before a decision is reached. The full proposal would result in a saving of :—

20 accountants and clerks.

We agree that experiments on a small scale should be carried out, if the Auditor General agrees, and recommend that a decision should be taken as a result of the experiments in consultation with the Auditor General.

(*vi*) A reduction in the number of gazetted officers of the Subordinate Service. The Military Accountant General is experimenting with a view to dispensing with certain of these officers, saving 7 gazetted officers of the Subordinate Service.

We recommend this reduction.

(*vii*) Reduction of leave reserve authorized for officers of the Superior Service. At present a leave reserve of 25 % of the 44 duty officers is authorised. In view of the Indianization of the department the Military Accountant General considers the leave reserve could be reduced by 2 Superior Service officers.

We recommend that the leave reserve be reduced by 6 from 11 to 5. The balance of the leave reserve of 9 now recommended by the Military Accountant General should be held in the rank below, *viz.*, gazetted officers of the Subordinate Service who, when acting for Superior Service officers on leave, should receive their ordinary pay *plus* 10 % within the limit of the minimum of the grade in which they are acting. We may add that we had the advantage of reading the report of the Sub-Committee which dealt with Civil Accounts Offices and we agree with the observations in paragraph 67 of their report.

(*viii*) The abolition of priced store accounts in arsenals and ordnance, clothing and supply depots. At present in these est. lishments, in addition to the various quantitative ledger accounts of stores kept by the administrative departments, a complete duplicate account, fully priced, is kept by the Military Accountant General's Department. The summary of these accounts appears as the Stock Account of the Army in Appendix E of the Appropriation Account. It has been suggested to us that the retention of this priced account is now unnecessary. Its uses are for financial control and for the information it gives to the public, but it has been represented to us that financial control can now be adequately maintained by a much less elaborate system of the pricing of annual balances of selected items and that the information so obtained would probably meet all reasonable public requirements. It has further been pointed out that in the United Kingdom as the result of a specially appointed committee, of which the president and a member were members of the Public Accounts Committee, even a complete annual valuation of Army stocks (a considerably less elaborate process than a priced store account) was decided to be unjustifiable in view of the cost involved, and following on the recommendation of that committee information is only given in the British Army Appropriation Account of the value of certain items. The saving on the abolition of these priced store accounts, after making allowance for the necessary audit of the administrative store accounts, is estimated at 230 clerks.

While we are inclined to think that the present system is too detailed, with the exception of one we consider the matter requires further examination and discussion with the Accounts officers and therefore make no recommendation at present.

With the exception of one of us, our acceptance of the recommendations proposed by the Military Accountant General referred to above is conditional upon a reduction also in the superior staff, both officers of the Superior Service and gazetted officers of the Subordinate Service. In addition to the 3 officers covered by the Military Accountant General's proposals and in addition to the additional reduction of the leave reserve we have proposed, there should be a further reduction of 2 Superior Service officers and of 5 gazetted officers of the Subordinate Service. In the case of the Royal Indian Marine, our view is that it is not necessary to keep an officer of the Superior Service grade and, if amalgamation with Poona is not possible, a gazetted officer of the Subordinate Service should be sufficient.

5. We have also had before us certain possibilities of reductions which are not recommended by the Military Accountant General either because of the risk or because of the loss of efficiency which they involve. We make no recommendation in regard to these possibilities but we may consider again

the necessity for two accountants in British units when we have had an opportunity of examining the system further.

6. We have considered the possibility of economies by the amalgamation of certain offices :—

(*i*) We recommend the amalgamation of the Madras office with the Poona office unless, for reasons which are not at present before us, it should prove impracticable.

(*ii*) We recommend that the possibility of distributing the work of the Presidency and Assam office among other offices should be seriously examined.

(*iii*) We recommend the amalgamation of the R. I. M. office, Bombay, with Poona.

(*iv*) We propose to consider further the possibility of reducing by amalgamation the Command offices when we consider the Staffs of Commands.

7. In the course of our discussions it has been suggested to us that the Department would be strengthened by the introduction into the gazetted officer grade of some young directly appointed officers with high educational qualification. We recommend that a percentage of appointments to this grade should be filled by competitive examination on the lines of other competitive examinations or, in the view of some of us, by selection and the balance as now by promotion.

8. We have considered the possibility of economy by reductions in pay allowances, etc.—

(*i*) So far as pay is concerned, our recommendations are contained in the general recommendations at the end of this report.

(*ii*) We have been struck by the large number of cases in which duty allowance and local and compensatory allowances are granted. We consider that in principle these allowances are generally speaking open to objection and we recommend that they should be reduced to a minimum and reviewed in the light of the fall in prices.

We shall refer to the question of Lee concessions in our later report.

9. We have had brought to our notice the possibility of economy by some simplification of factory accounts. We think that this question should be examined by some expert with practical experience of factory management and accounts assisted by departmental representatives. A start should be made in Calcutta, the expert being obtained locally, if possible, and any improvement decided on in regard to those factories could then be adapted to the other factories.

10. Two other questions which have come to our notice,—the possibility of securing economies in the accounts for the Military Engineer Services and by means of simplification of regulations and procedure notably in those services—we propose to consider further and to deal with when we consider in greater detail the Military Engineer Services.

Summary of Recommendations.

Military Accounts Department.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
1. By various adjustments of work, by introduction of machines, by reason of closing of Factory and Arsenal at Madras, the Military Accountant General has been able to reduce his establishment by 1 gazetted officer and 61 accountants and clerks	..	1,13,500	1,13,500
2. On the new system of pension audit being got into working order reduction of 52 accountants and clerks	..	90,000	90,000
3. On completion of extra work in Burma saving of 14 accountants and clerks	..	24,000	..
4. Dispensing with reconciliation of amounts due on account of payment issues as shown in priced store accounts with the amounts recovered as shown in cash compilations, saving 13 accountants and clerks.	..	22,500	22,500
5. Saving resultant on abolition of repair allotment scheme 11 accountants and clerks ..	..	19,000	19,000
6. Amalgamation of offices of Controllers of Pension Accounts, Lahore and Mhow and of Controller of Military Accounts, Lahore District, the Controller of the enlarged office to be a 1st Class officer *plus* Rs. 200 a month. Saving 1 Superior Service officer, 1 gazetted officer, 12 accountants and clerks..	..	42,000	42,000
7. The Command office at Quetta to be reduced to a 1st Class officer's appointment			
8. Dispensing with reconciliation of amounts paid for stores purchased as shown in the cash compilation with value of stores taken on charge in priced store account. Saving 12 accountants and clerks	..	20,000	20,000
9. A trial to be made of the proposal to curtail audit check in Unit sections of main offices. Saving ultimately 42 accountants and clerks (if scheme is adopted)..	..	(Ultimately) 72,500	..
10. If Auditor General agrees, a trial on small scale to be made of proposal to curtail audit in the Miscellaneous and Establishment sections of main offices. Saving ultimately 22 accountants and clerks (if scheme is adopted)	..	(Ultimately) 38,000	..

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
11. If Auditor General agrees, a trial to be made on a small scale of proposal to curtail audit check of store accounts. The full proposal would result in a saving of 20 accountants and clerks ..	..	(Ultimately) 34,500	..
12. Reduction of gazetted officers of the Subordinate Service, by authorizing superintendents to deal finally with matters of less importance of a routine nature	..	57,000	..
13. *Reduction of leave reserve of Superior Service officers from 11 to 5: the balance, if necessary, being made up by a "leave reserve" in subordinate gazetted officers, who would act when a Superior Service officer was on leave and receive pay of their own rank *plus* 10 % not exceeding the minimum of the grade in which they would be acting. This leave reserve in the lower grade would not exceed 4 in any case, as the leave reserve of 11 can be cut down to 9 owing to Indianization of the department ..	..	32,000	32,000
14. *The above reductions should be conditional on reduction of a further 2 Superior Service officers and 5 gazetted officers of Subordinate Service ..	..	53,000	53,000
15. Amalgamation of Madras office with Poona ..	..	..	..
16. Amalgamation of R. I. M. office, Bombay with Poona	..	..	..
17. Introduction of directly recruited university graduates into a proportion of vacancies of gazetted officers of the Subordinate Service ..	No financial effect.		
18. Duty allowances, local and compensatory allowances are in principle open to objection. They should be reduced to a minimum and reviewed in the light of the fall in prices ..	..	1,00,000	..
19. The possibility of economy by simplification of factory accounts should be examined in Calcutta by an outside expert, obtained locally if possible, assisted by departmental representatives ..	..	..	..
Total ..	..	7,18,000	3,92,000

* Majority recommendations with one dissentient.

CHAPTER XI.—CANTONMENTS.

The administration of the 90 cantonments is carried out under the provisions of the Cantonments Act of 1924 by officers of the Cantonments Department who are paid from Army funds. The cost in 1913-14 is shown by the Inchcape Committee to be about Rs. 13 lakhs. The estimate for the current year is Rs. 20,77,000 from which may be deducted receipts of Rs. 4,19,000 on account of military lands, leaving the net expenditure at about Rs. 16½ lakhs.

2. The superior establishment of the Department is stated to be as follows :—

1 Director, Military Lands and Cantonments.

4 Inspecting Officers.

3 Assistant Inspecting Officers.

34 Executive Officers with King's Commissions.

7 Executive Officers holding Viceroy's Commissions.

11 Military Estates Officers.

3. The inspecting officers are advisers to the military authorities of the Commands on all matters connected with the administration of cantonments and military lands. We are informed that, as inspecting officers, they have to be away from headquarters for about 15 days a month and that it is necessary in three Commands to have Assistant Inspecting officers.

We are not convinced of the justification at the present time for 8 administrative officers for Headquarters and Commands and we recommend that the inspecting staff should be reduced to four, of whom two should be of the assistant grade. The saving would be about Rs. 65,000 a year.

4. As regards the executive officers with King's Commissions, we consider that the cost of the service is excessive for the class of work performed which appears to us to be much of the same nature as that performed in the civil administration of India by officers of the Deputy Collector's grade who draw approximately Rs. 250—850 a month. The present Viceroy's commissioned officers in the department get Rs. 400—20—500 and we consider that this class should be more extensively employed and also that civil officers of the Deputy Collector's grade should be recruited in future vacancies on a basis of 50 per cent. from each class. If all the 34 executive appointments now held by officers with King's Commissions were so filled, the ultimate saving in pay and allowances would be at least Rs. 2,25,000.

5. Military Estates officers are employed for the management of military lands both inside and outside cantonments in the best nterests of the State. We were informed that since this system was adopted, the recoveries from lands in the form of rents have increased from Rs. 5,254 in 1924-25 to Rs. 4,19,000 at the present time. With the completion of the land registers the staff will be capable of reduction and we understand that some reduction will be possible next year and that further increases in revenue may be expected. The present cost of Rs. 3,67,000 for this establishment is a heavy charge for the administration and collection of Rs. 4 lakhs of revenue and we recommend

that a reduction be made at an early date by at least one lakh of rupees. This should be effected in part by the employment of civil officers of the class to which we have referred above who are skilled in land administration. We are unable to understand why officers of military rank on high rates of pay are deemed to be necessary for the duties which this lands establishment performs.

6. We have been informed that about Rs. 10 lakhs a year are lost through the absence of proper metering of the water supply in cantonments and that to secure effective control an outlay of some Rs. 30 lakhs would be necessary for the supply of meters. We consider that a programme should be drawn up to spread the outlay over a number of years and that this expenditure is of a nature which could justifiably be charged to loan funds.

7. In 1930-31 grants-in-aid were paid to certain cantonments to the extent of over Rs. 2 lakhs and the current year's estimates also provide for a like sum. Up to the present date about Rs. 70,000 have been sanctioned for 17 cantonments. The policy, we understand, is that cantonments which cannot maintain a suitable standard of municipal administration on the income derived from local sources are assisted by grants-in-aid. We recommend that the position be reviewed and that the expenditure on this head be reduced either by lowering the cost and standard of administration, which we hold to be very high generally in cantonments, or by increasing local resources and that a saving of at least one lakh of rupees be effected next year.

CANTONMENTS.

Summary of Recommendations.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of three inspecting officers	..	65,000	65,000
(2) Gradual substitution of Indian officers for executive officers with King's Commissions	..	2,25,000	..
(3) Reduction of military estates expenditure ..	..	1,00,000	1,00,000
(4) Reduction of present loss in water supply (no estimate available)	..	..	..
(5) Reduction of grants-in-aid	..	1,00,000	1,00,000
Total ..	..	4,90,000	2,65,000

CHAPTER XII.—Miscellaneous Services under the Adjutant General.

Rest camps.—Rest camps are maintained to accommodate troops and their families at rail head on their way to hill and frontier stations. We are informed that some of them, *e.g.*, Kalka and Rawalpindi, are kept open in the summer only; others *e.g.*, Bannu, are kept open all the year round. We are also informed that two emergency camps at Deolali and Karachi are being abolished. The staff on page 166 of the Army Budget is shown as costing over Rs. 29,000, and as consisting, in addition to three British other ranks and three Indian officers and other ranks, of 70 followers. We think this number of followers is high and should be reviewed.

Move to Hill Stations.—We have been informed that British troops have been stationed to a certain extent in hill stations with their familes during the hot weather for very many years, but that in 1924 owing to the large number of admissions to hospital on account of malaria, it was decided to introduce the policy of utilizing to its maximum extent all available accommodation in the hills during the most dangerous malarial months, *i.e.*, August, September and October. That policy has been increasingly applied. We understand that now it is the aim to send practically all men of units stationed in certain stations in the plains to the hills for part of the hot weather. The policy of these moves involves expenditure on staff, transportation, conservancy, water supply and rent of accommodation. Hospitals and schools are opened and dairy farms are transferred from the plains to supply milk to the troops. We have been informed that the cost of staff, etc. (as shown on page 162 of the Army Budget), together with the cost of transportation, conservancy, water supply and rent of buildings comes to over Rs. 10,80,000 a year. We understand that, so far as the troops and their families are concerned, the annual move to the hills is not entirely popular. While we appreciate the value for reasons of health of this move and have not overlooked the medical statistics furnished to us in this connection, we consider that, having regard to financial and other conditions, considerable reduction should be made in the scope and cost of the present policy.

We accordingly recommend that the cost, as given above, should be reduced to a total of Rs. 5 lakhs a year: that within that cost moves should be granted to cases sent on medical certificate, young soldiers under 21 years of age in their first year's service and families with young children (if accommodation is available). After provision has been made for these categories we recommend that cases should be sent at the discretion of the local military authorities subject to a limit of cost of Rs. 2 lakhs and to the general overriding limit of Rs. 5 lakhs. The practice of hiring accommodation should cease.

Followers.—The number of followers is over 38,000. Approximately half are Class I followers who receive uniform, pay and rations or an allowance, qualify for pension and are liable to serve anywhere. Class II followers are locally engaged at market rates and do not move with their own units from station to station. Followers are engaged on duties as cooks, kotwals, saddlers and shoemakers, tailors, water carriers, syces, blacksmiths etc. The numbers

employed are large, and the aggregate cost must be heavy. To reduce that cost we make the following recommendations :—

(*a*) In all cases where it is possible, *e.g.*, carpenters, tailors, etc., followers should remain at one station and not move with units. (We understand that this proposal will involve a change in the present procedure of enlistment).

(*b*) As regards tailors and bootmakers, we understand that at present these are provided for units, in some cases as combatants, in some cases as followers. So far as bootmakers are concerned, there can be little work in peace that is chargeable to the public: most of it is repair work for the men, for which they should pay out of their clothing allowance: so far as tailors are concerned, some of the work is chargeable to the public, *e.g.*, repair of great-coats, while some is chargeable to the men, *e.g.*, repair of personal clothing. The cost of the work chargeable to the men should under regulation be credited to the public.

In the course of our enquiry we found reason to believe (though the facts are somewhat obscure) that it is doubtful whether full credit is in fact being given to the public. We recommend that steps should be taken to ensure that this is done. If the amount recovered from the men is not commensurate with the cost of the tailors and shoe makers (allowing for work properly chargeable to the public) it would be for consideration whether provision for them on the establishment would be justifiable, or whether the men should not make their own arrangements with outside contractors.

(*c*) *Blacksmiths.*—The officiating Adjutant General in the course of discussion undertook to examine the number of blacksmiths and we reserve consideration of this question.

(*d*) *Water carriers.*—We were informed that, as water is now laid on in most stations, a lesser number of water carriers is necessary in peace than formerly: but that in mobile units the number of water carriers maintained depends largely on the number required for mobilization requirements or internal security purposes. We recommend that the number of water carriers so maintained should be revised and reduced, and that, so far as possible, mobilization requirements should be met by engagements at the time. In so far as these requirements must be provided for in advance, and in so far as the number of carriers required in peace at stations where water is not laid or does not meet those requirements, we recommend that recourse should be had to reservists or to a pool maintained for immediate mobilization needs.

Miscellaneous donations and grants-in-aid to institutions.—An item of Rs. 63,000 is included on page 166 of the Army Budget for this purpose. We recommend that during the present financial stringency grants-in-aid should

not be given, except in special circumstances to institutions having a definite present military value.

Recruiting Staff.—The staff consists of 9 recruiting officers and 13 assistant recruiting officers (unseconded), with 3 assistant recruiting officers for certain months in the year. There are 157 Indian permanent recruiters and a clerical staff of 42 Indian ranks. The provision for this establishment (apart from the unseconded officers) is given on page 160 of the Army Budget, approximately, as Rs. 3,39,000. The cost under this head has increased from Rs. 3,06,000 in 1922-23 to the present figure, an increase due mainly to the appointment of lieutenant-colonels as recruiting officers. With one exception, we recommend, in order to reduce the cost, that the staff should in future consist of three British officers (one major and two captains) and six Indian officers with Viceroy's Commissions. It has been suggested that Indian Viceroy's Commissioned officers would not be altogether suitable for much of the administrative work involved : but we suggest that this difficulty might be overcome by a revision of the areas, and by the British officers supervising and assisting the Viceroy's Commissioned officers.

Vocational Training.— Provision is made on page 166 of the Army Budget of Rs. 43,600 for the pay and allowances of the two officers in Commands and their staff who assist Commands in the organisation and administration of vocational training. The majority of us recommend on the same general grounds as those we have mentioned in connection with Educational Training that vocational training should not be provided at the expense of Indian funds, and we recommend that no provision for this staff should be included in the budget.

Reserve of officers.—The total establishment is 1,850 of various categories and the actual strength is 1,663. Officers on the reserve receive a retaining fee of Rs. 200 a year. They receive an initial outfit allowance of Rs. 400. They are called up for training annually or biennially, which involves considerable expenditure on pay and travelling. We think that savings should be made in the cost of this reserve and that, in present circumstances, the numbers should be reduced. We recommend that a reduction of 50 per cent. should be made in the numbers of this reserve and that it should be confined to those with technical qualifications—mechanical engineers, doctors, veterinary surgeons—and, in the fighting arms, to those who have served with regular fighting units and have the necessary military qualifications. For remounts we recommend that the reserve be limited to those who have served with the remount department and are required immediately on the outbreak of war. For recruiting, animal transport, supply and miscellaneous duties we recommend that no paid reserve should be retained. If necessary we suggest that a register of names should be kept of those willing to take commissions on mobilization. There should be a saving under our recommendations of at least Rs. 3 lakhs a year.

Reservists.—These number over 35,000 belonging to fighting units, (apart from some 10,000 in other units), and consist of Class A reservists—those who have recently left the colours and who are required to complete units on mobilization —and Class B reservists—those who have left the colours less recently and are required to replace wastage on mobilization. The former receive a retaining fee of Rs. 7 a month and are trained annually for one month when they receive

full pay and travelling allowances : the latter receive a retaining fee of Rs. 4 a month and are trained biennially. In the present financial stringency we would ask the military authorities to consider whether the training of Class A reservists might not be biennial and the training of Class B reservists suspended.

Miscellaneous Allowances.—These consist of a large number of allowances which, as indicated on page 30 of the Army Budget, amount to the large total of 21¼ lakhs. They include such varied items as band allowance, mess allowance, charpoy allowance, weapon allowance, fuel allowance for carriage work in R. A. units. It has been impossible for us to examine each allowance in detail and we recommend that they should be individually reviewed in the light of present financial circumstances and the fall in prices and a reduction in the total of 10 per cent. (Rs. 2 lakhs) effected.

ADJUTANT GENERAL.—*Miscellaneous Services.*

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
1. Rest camps. Emergency Rest Camps at Deolali and Karachi should be abolished, as proposed by the Quarter-Master General. The establishment at the other camps should be reviewed with a view to reduction	..	11,500	11,500
2. Hill depots. Moves to the hill stations should be confined to a cost of 5 lakhs covering establishment charges, transportation, conservancy and water supply. Within that cost moves should be confined to cases of medical certificate, young soldiers under 21 in their first year's service, families with young children (if accommodation is available). After provision has been made for these categories, subject to a limit of Rs. 2 lakhs and within the general limit of Rs. 5 lakhs, cases may be sent at the discretion of the local military authorities	..	5,80,000	5,80,000
3. So far as possible, *e.g.*, in the case of carpenters, tailors, blacksmiths, etc., followers should remain at their own station when units change over	..	No estimat yet possible.	..
4. Bootmakers and tailors should only be provided on the establis' ment of uni s provided that the full cost is recovered by means of charges for rep irs, etc., executed for the men, less any cost of work carried out for the State ..	..	1,00,000	1,00,000

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
5. The number of water carriers should be reduced having regard to the stations at which water is laid on. If the numbers necessary for troops at other stations are not sufficient for mobilization requirements the balance should be met by a pool or reserve	..	No estimate yet possible.	..
6. Grants-in-aid to institutions and charitable allowances. These should cease under present circumstances unless the institutions concerned have a definite present military value	..	30,000	30,000
*7. The present recruiting staff should be reduced from 9 British recruiting officers to 3 British officers and 6 Viceroy's Commissioned officers	..	20,000	..
*8. Vocational training. This should be discontinued	..	43,000	43,000
9. Reserve of officers. The total should be reduced by 50 per cent. It should be confined to those with technical qualifications (doctors, mechanical engineers, veterinary surgeons) or in the case of fighting services to those with military qualifications who have served with regular forces	..	3,00,000	3,00,000
10 Reservists. It should be considered whether during the present financial stringency Class A reservists should be trained only every other year and the training for Class B should be suspended	..	..	..
11. The various miscellaneous allowances should be examined in detail having regard to fall in prices and financial stringency and a 10 per cent. cut should be made	..	2,00,000	2,00,000
Total ..	..	12,84,500	12,64,500

* Majority recommendations.

CHAPTER XIII.—Kit and Clothing Allowance.

The kit of the soldier is divided into three classes—

(*i*) Personal clothing such as boots, jackets, trousers or shorts.

(*ii*) Public clothing such as greatcoats.

(*iii*) Necessaries such as underclothing and toilet materials.

A complete kit is supplied to each soldier on enlistment. Public clothing is replaced when unserviceable through wear and tear. Articles of personal clothing and necessaries are maintained by the soldier out of a money allowance credited to his account for the purpose.

From this allowance also he pays for such services as the washing of clothes, hair cutting, etc.

It is the essence of the scheme, which has for its object the encouragement of careful treatment of clothing and uniform, that the careful soldier should be able to meet these expenses and have a moderate margin in hand.

For the replacement of his personal clothing and necessaries the soldier is expected to purchase from Ordnance Stores, by which articles of standard patterns are supplied, and the money allowance which the soldier receives is fixed in relation to the prices charged for articles issued from Ordnance Stores.

The total amount included in the Army Estimates for 1931-32 on account of kit and clothing allowance is approximately Rs. one crore, 21 lakhs, and for 1930-31 was approximately Rs. one crore, 20 lakhs. The amount received on account of sales of clothing and necessaries from Ordnance Stores during 1930-31 was Rs. 45 lakhs.

It will be seen from these figures that nearly two-thirds of the allowance is not spent in purchases from Ordnance Stores. This does not mean that the whole of the balance remains with the soldier as profit. Against that balance must be charged repairs, washing of clothing, and hair cutting, and we are also informed that, despite the general rule to the contrary, purchases are undoubtedly made from outside sources instead of from Ordnance Stores. But allowing for this, it would seem as though there were room for economy in the allowance. A few years ago, we are informed, the kit and clothing allowance of the Indian soldier was reduced by 15% but the same cut was not applied in the case of the kit and clothing allowance of the British soldier. We recommend that this cut should now be made. We feel that there is the more justification for this because the portion of the allowance attributable to the upkeep of necessaries is, we understand, based on the rates in England and not on the present prices of the articles in India, making a difference of some 7 rupees a year in the soldier's favour, while the portion designed to meet the expenses of hair cutting and washing of clothing is also not based on Indian prices. The saving by a 15% cut on the rates of British soldiers' kit and clothing allowance would be approximately 9,00,000 rupees.

In the case of Indian troops, we think that there is a case for the reduction of the mufti allowance given in respect of each recruit.

This allowance, designed to provide 2 coats, 2 pyjamas, 2 pagris and 1 pair of shoes, was introduced in 1921 when the rate was fixed at 22 rupees. In 1923 the rate was reduced to 20 rupees but it has not since been revised. In view of the fall in prices, we recommend a reduction to 18 rupees, saving approximately some 40,000 rupees a year.

The amount of the allowance, so far as the replacement of articles is concerned, naturally depends partly on the life assigned to the various articles. We recommend that those lives should be carefully reviewed in the case of both British and Indian troops: (we deal specifically with the lives of certain articles later in this section). That there are grounds for doing so, there is some evidence in the statistics regarding the issues of boots. The life assigned to a pair of boots is a year, and, allowing for recruits who receive a free issue in their first year, issues on payment might have been expected to total over 180,000 pairs a year: but we are informed that such issues averaged only 49,000 over a period of three years. Even taking into account the probability that many purchases are not made from Ordnance Stores, there still seems a discrepancy which suggests that the life of the boot has been underestimated.

Apart from the amount of the allowance fixed in relation to the articles which are at present required to be maintained, we have considered the possibility of economy by alterations of the scale of articles, or by transferring certain articles from the scale of personal to that of public clothing. We have not of course been able to make a detailed or exhaustive examination but the following points have suggested themselves to us.

In the scale for British troops we recommend that gloves and cap comforters should be removed from the scale: and that for cold stations and in the cold season, they should be issued as public clothing. We estimate a saving of some 50,000 rupees a year.

In the scale for Indian soldiers we recommend the substitution of one pair of chaplis for one pair of boots (leaving one pair of boots in the scale), and we estimate the normal annual saving as some 10,00,000 rupees.

In the scale of clothing for Class I followers we recommend the substitution of chaplis for boots, saving in the normal some 60,000 rupees annually, the issue of socks only at cold stations and the reduction of the scale of issue to one pair, saving in the normal some 15,000 rupees annually and the substitution of a *mirzai* lined with cotton for the jersey pullover at present issued. (We have not been able to estimate the saving of this last recommendation). We realize that if the substitution of chaplis for boots is accepted, it may be necessary to delay the introduction of the scheme until present stocks are exhausted.

As regards the transfer of articles from the category of personal to that of public clothing, there are two articles, blankets and durries, in which we think that this might advantageously be done. At present these articles are issued as personal to the soldier and become his property: and an annual allowance, based, in the case of blankets, on a five year life and, in the case of durries, on a six year life, is issued. If these articles become " public ", fresh issues would only be made when a blanket was worn out (though for purposes of control no

doubt a normal life would be assessed) and in any case the residual value would accrue to the State. That there is at present a loss in this respect may be illustrated by what we understand is the position in regard to the Royal Air Force. An airman, it is understood, remains at present only about some 3 years in India, and receives on arrival 3 blankets as his personal property calculated to last 5 years. We are aware that the present system was introduced as being more economical than the system of " public " issues, but we are disposed to think that the balance of advantage lies the other way. In any case we recommend that the life of both durries and blankets should be extended to 7 years from 6 and 5 years respectively. We also recommend, as regards the scale of issue of blankets, that this should be reduced from 3 to 2, the military authorities retaining discretionary powers to issue the additional blanket for certain seasons of the year and certain stations. We estimate the normal saving involved in the extension of the life of durries and blankets and the reduction in the scale of issue of blankets as approximately 2,00,000 rupees.

As regards public clothing the most important item is greatcoats. There is one pattern for British troops and one for Indian troops, the difference lying mainly in the material. Greatcoats are replaced at public cost when worn out by fair wear and tear, the life we understand assigned to the British greatcoat being 8 years and to the Indian 5. There is no difference in the pattern at present in use in hot and cold stations, but experiments, we have been informed, are at present taking place with a view to finding a lighter pattern in certain stations. In the case of Indian troops a scheme on profit sharing lines has been in force for the last two years with a view to prolonging the life of the greatcoat : units are given half the cash saving represented by the value of the difference between the number of greatcoats condemned and the normal based on a 5 year life. It is stated that the number of condemnations of greatcoats and coats warm has dropped under the scheme from 36,702 and 5,188 respectively in 1927-28, and 26,911 and 5,413 in 1928-29, to 23,668 and 4,928 in 1929-30 and 23,448 and 4,967 in 1930-31.

As regards the profit sharing scheme, we recommend that this should be carefully watched with a view to ensuring that direct financial saving does in fact accrue to the State. In particular we recommend that consideration be given to the question whether the present system of assigning a life for the purpose of the scheme, based on the average over all India, is fair to the State : or whether it does not result in excess profits being made by units stationed in hot stations. In any case we recommend that the life of the greatcoat for the purpose of the scheme be extended to 7 years (estimated normal saving 1,50,000 rupees). We also recommend that, unless costs of administration make the proposal uneconomical, a lighter pattern of greatcoat should be introduced for use in hot stations, and also that the British pattern greatcoat should be withdrawn from British troops on arrival in India, the Indian pattern being issued in its place and the British coats being sent back with departing troops.

Summary of Recommendations.

Kit and Clothing Allowance.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
1. Reduction of the kit and clothing allowance of British troops by 15%	..	9,00,000	9,00,000
Reduction of Mufti allowance to Indian recruits from 20 rupees to 18 rupees	..	40,000	40,000
3. Review of life assigned to various articles	..	..	..
4. Removal of gloves and cap comforters from scale of issue for British troops: except for issue as public clothing at cold stations and in cold seasons ..	..	50,000	..
5. Substitution of one pair of chaplis for one pair of boots for Indian soldiers..	..	10,00,000	5,00,000
6. Substitution of one pair of chaplis for the pair of boots issued to followers..	..	60,000	..
7. In view of the recommendation to substitute chaplis for boots for followers, issue socks only at cold stations and reduce the scale to 1 pair	..	15,000	..
8. Consider substituting a *mirzai* lined with cotton for the jersey pullover issued to followers	..	..	..
9. Conversion of blankets and durries from personal to public clothing and extension of the life from 5 and 6 years respectively to 7	..	50,000	..
10. Reduction of issue of blankets from 3 to 2, except at cold stations and in cold climates where additional issue should be at the discretion of the local Commander ..	..	1,50,000	1,50,000
11. Extension of the life of the greatcoat under the greatcoat scheme from 5 to 7 years and watching the financial effect of the scheme	..	1,50,000	..
12. Unless cost of administration makes it uneconomical a lighter pattern greatcoat should be introduced for wear at hot stations	..	..	..
13. Provide British troops on arrival in this country with Indian pattern greatcoats, returning those brought here with returning troops	..	..	..
Total ..	..	24,15,000	15,90,000

CHAPTER XIV.—Army Ordnance Factories.

As already stated, we have paid visits to the Rifle and Metal and Steel Factories at Ishapore, the Gun and Shell Factory at Cossipore and the Harness and Saddle Factory at Cawnpore and some of us also visited the Clothing Factory at Shahjahanpur. We have taken a considerable amount of evidence and collected much information on the adm nistrative and financial systems of these factories. Our terms of reference invite us to express our opinion on the working of each individual factory and we propose, when we resume our enqu ry, to carry our investigation further and also, if possible, to visit the remaining factories.

2. When we were in Calcutta, we were informed that the personnel employed in the ordnance factories during peace and the estimated war establishment respectively were as follows :—

—	Gazetted officers other than Superintendents.	Permanent non-gazetted staff.	Permanent clerical staff.	Temporary staff.	Labour force.
Peace ..	42	393	361	1,760	18,000
War ..	48	712	361	2,500	40,000

3. As stated above, we have reserved the questions relating to the Ordnance Department and factories for further and later examination, but on the strength of our inspection of the factories mentioned above and on the information we gathered there, Mr. Benthall, one of our Committee, has left a note, recording his general impressions. We have carefully considered the note and we may say that we are in general agreement with most of his observations ; but we do not propose to make any definite recommendations at this stage on the broad questions of policy, the accounting system, or the future of the factories, especially as we have not yet had the advantage of discussing the matter with the Master General of Ordnance and have not, as indicated above, yet visited all the factories. We consider, however, that having regard to the present activities of the factories, some reductions can be made, especially in the inspecting and supervising establishments from officers downwards and also in the general inspection of ordnance stores. Having regard to the present financial position and the desirability of reducing expenditure as early as possible, it is necessary that we should make some definite recommendation pending the fuller examination of the question which we hope to undertake. We therefore recommend that a 25 per cent. cut should be made in the numbers of superior and supervising staff. We understand that the total cost of this staff is over Rs. 20 lakhs of rupees, and consider that this should be reduced by at least Rs. 4 lakhs, as soon as possible. As regards the rest of the staff, we recommend that all possible reductions should be made but the details we would leave to the discretion of the Factory Superintendents under the orders of the Master General of Ordnance.

CHAPTER XV.—Military Farms.

I. *Grass Farms.*—There are at present 43 grass farms in 9 administrative circles under the control of the Director of Farms. The policy is to provide fodder for all Government animals, to maintain baled fodder for war reserves and to accumulate in good years, when fodder is cheap and abundant, a reserve for bad years.

2. The expenditure has increased as follows:—

1913-14.	1931-32.
43,74,000	66,60,000

Estimated receipts for the current year amount to Rs. 4,10,000.

The establishments for the three years are as follows:—

	1914.	1922.	1931-32.
Officers	14	18	15
British Managers	45	60	49
Students	5	3	5
Indian Overseers	71	134	90
Clerks, etc.	82	124	123

Since 1914 additional responsibilities have been undertaken; owing to the abolition of the Silladar system, supplies of fodder are now made to all Indian Cavalry units, and supply to Sind, Baluchistan and other frontier areas has been undertaken. On the other hand, mechanisation has reduced materially the number of animals supplied. In 1929-30 the quantity of fodder dealt with was 192,000 tons of which 88,000 tons were produced on the farms at a cost of Rs. 28·7 per ton and 104,000 tons were purchased at a cost of Rs. 40·3 per ton.

3. We are informed that it has been decided to delegate the control of Grass Farms to Commands in 1932 and that this will involve a reduction of 3 officers, 7 clerks and some menials with a saving of Rs. 75,000 per annum. We agree to this proposal. We note, however, that after this reduction there will remain a leave reserve of two officers. We see no justification for such a reserve when leave vacancies could be filled by experienced senior managers and we, therefore, recommend the abolition of these two leave reserve appointments. The necessity for 90 Indian overseers should also be examined.

4. It is understood that the training of British students will be discontinued. Though a policy of Indianisation has been accepted, progress has been very slow and we recommend that a more rapid advance be made in this direction by appointing Indian managers to several vacancies which will shortly arise. As the pay of British managers varies from Rs. 590 to Rs. 1,070 and, as in the case of Dairy Farms, Indian managers could be paid Rs. 200—500 a month, a substantial saving would be effected by employing Indian managers only in the future. It is stated that as Grass Farms are part of the military machine and deal directly with units, it is necessary that the staff should bear military rank. All but one of us are unable to accept this view and consider that this department is essentially one of those in which civilian officers should be maintained.

5. As regards reserves, we understand that stocks are maintained as follows :—

	Tons.
Ordinary	70,000
Farm reserves	60,000
Mobilization reserves	12,400

As a result of suggestions made by us during discussion, a further reduction of farm reserves by 20,000 tons will be made, saving Rs. 5,50,000.

6. The trading accounts of grass farms for 1929-30 indicate a net loss of about Rs. 24,000 due to the price charged for issues on payment of about 2,000 tons of fodder. The price is based on an average of quantities and prices of fodder produced and purchased respectively. As issues on payment may have to be made from purchased fodder which is much dearer than produced fodder, it is evident that the price of payment issues should be revised and we recommend that this be done.

II. *Dairy Farms.*—These farms, which are worked on a commercial basis, are intended to provide a safe and reliable supply of dairy produce to hospitals and, on payment, to officers, troops and their families ; and also to messes and other public institutions at rates which, while reasonable, involve no loss to Government. Of the amount of milk produced in 1929-30 (4,647 tons), 23 per cent. went to Government hospitals and institutions and 77 per cent. to other customers. Of the 359 tons of butter, 7 per cent. went to hospitals and 93 per cent. to other customers.

2. The expenditure has varied as follows :—

1913-14.	1931-32.
22,70,000	33,73,000

The staff employed is as follows :—

	1914.	1922.	1931.
Officers	2	6	4
British Managers ..	39	64	23
Indian Managers ..	..	..	3
Clerks	61	100	88
Indian Overseers and others ..	24	98	62
Indian apprentices ..	..	..	74

3. In 1914 there were 27 dairies and creameries. Today there are 38 and in addition 6 young stock farms. We understand that, as a result of careful breeding and management, the percentage of cows which gave over 5,000 lbs. of milk per lactation was 47 in 1929-30 as against 1·3 in 1912-13. As a result the number of cows maintained has been reduced from 2,184 to 1,156.

4. We understand that no more British managers will be appointed and the number of Indian managers will be increased as the British incumbents retire. As this policy will effect a considerable saving, we recommend that

it be strictly followed. As regards the control of Dairy Farms we are not satisfied that it could not be combined with that of grass farms under Command control and we consider that this question should be further considered with a view to reduction in the number of controlling officers in the two departments.

5. We were informed that nine farms, mainly in the hills, were run at a loss last year which was stated to be due to abnormal causes. We consider that, wherever any individual dairy is run at a loss, steps should be taken to revise prices or reduce working costs. Further, in the case of supplies to private institutions such as clubs, care should be taken that the prices charged do actually yield a profit.

6. We note that against the expenditure of Rs. 33,73,000 in the current year, the estimated receipts are Rs. 27,10,000. The net expenditure is thus Rs. 6,63,000, but the value of dairy produce issued free to hospitals is estimated at Rs. 8,39,000, which leaves a balance in favour of the Farms of Rs. 1,76,000.

The only further recommendation we have to make is that further outlay on development, buildings, etc., should be postponed till financial conditions improve. The provision for these purposes in the current year is Rs. 1,22,000.

MILITARY FARMS.

SUMMARY OF RECOMMENDATIONS.

Recommendations.	Initial saving.	Recurring saving.	Saviygs in 1932-33.
	Rs.	Rs.	Rs.
Grass Farms.			
(1) Delegation of control to Commands	..	75,000	75,000
(2) Revision of price of grass sold (say)	..	15,00	15 000
(3) Further reduction in leave reserve	..	20,000	20,000
(4) Replacement of British by Indian Managers (gradual)	..	2,00,000	..
(5) Reduction of Reserves of fodder	5,50,000	..	3,00,000
(9) Miscellaneous savings	..	..	18,000
Dairy Farms.			
(1) Further capital outlay to be suspended	1,22,000	..	1,22,000
Total	6,72,000	3,10,000	5,50,000

CHAPTER XVI.—Royal Air Force.

The expenditure on this force in 1914 was inconsiderable as all that existed was a small flying school for training under Indian conditions. By 1922 the expenditure had risen to one crore, 34 lakhs and at the present day stands at 2 crores 20½ lakhs for 8 squadrons. The establishment maintained at the present day consists of 256 officers, 1,953 British other ranks and 1,279 Indian other ranks, clerks and followers.

2. Though it does not lie within our terms of reference to make recommendations on the strength and organisation of the fighting services, we cannot refrain from commenting at this point upon the heavy expenditure on the defence of the frontier where the Air Force is mainly stationed. In addition to the large force of some 50,000 regular troops in the frontier area, there are maintained large numbers of scouts, levies, frontier constabulary, etc., charged against the civil estimates. The total cost charged to these latter estimates under the head " Frontier Watch and Ward " including expenditure on roads of military importance and buildings for the irregular forces amounts, we are informed, to nearly Rs. one crore, 80 lakhs, for the current year. When the organisation of the Air Force was reviewed in 1922 and the present strength of eight squadrons was recommended, it was considered that this addition of two squadrons to the defence forces ought to lighten the burden on the Army and permit of a reduction in the numbers both of covering troops and the field army. Since 1922, the reductions in British and Indian fighting troops (excluding reservists and followers) amount to about 10,000 and 13,000 men respectively. Altogether since 1914, when the Air Force scarcely existed, the corresponding reductions have amounted to about 16,000 British and 24,000 Indian troops, but the present cost of the Air Force is equivalent to about 8,000 British or 22,500 Indian rifles approximately.

We understand that the triplicate defence organisation on the frontier has been the subject of enquiry in the past and that recently another departmental committee, representing the Army, the Air Force and the Political Department, has reported and, we understand, though we have not seen the report, has made certain recommendations for economy in this heavy expenditure. Though it is not within our terms of reference, we venture to suggest that, if the economies proposed do not go far enough, an entirely independent enquiry, with which some representatives of the legislature should be associated, might be set up in due course.

3. We understand that the force is a growing one, but we presume that while the present financial stringency continues, no further additions will be made. At present the force depends upon the Army organisation for supplies of ordnance equipment, food, petrol, oil, etc., and, to some extent, for medical and educational assistance, though it also maintains a staff of medical and educational officers. We apprehend a tendency to set up separate organisations for the Air Force and we consider that such a tendency should be carefully watched.

4. As regards the medical staff, the estimates contain provision for ten medical officers of the Royal Air Force Medical Service, though all hospital cases are sent to Army hospitals for treatment and their expenses are met

from Royal Air Force funds. We have been informed that these officers are required to live in close touch with flying personnel and to have special expert knowledge of fitness for flying and that it is essential for the morale of the Force that flying officers should have confidence in their own medical advisers. We are informed that this special knowledge can be acquired at a special course in London which lasts six weeks and we consider that it should be possible to train I. M. S. officers in this special course. These officers could then be posted to R. A. F. stations when their services would be available to the Force as well as to the personnel of the Army, thus obviating the necessity for the maintenance of a separate Air Force medical establishment in India. If this recommendation can be accepted, the saving would be nearly one lakh of rupees. For the present, at any rate, we recommend that the two appointments at Headquarters should be abolished, arrangements being made at a convenient station for supervision of the existing medical establishment.

5. As regards education, we are informed that the standard of education required of Air Force personnel is higher than, and of a different character from, that provided in Army institutions. Provision is therefore made for a separate establishment of 7 Air Force Education officers, 6 school mistresses and 7 language teachers, the total cost being about Rs. 1,28,000. One of the officers is tationed at Headquarters and we do not see the necessity for this appointment for the supervision of education in this small Force. We recommend the abolition of this appointment, the general work of supervision being performed by one of the remaining six officers in addition to his own duties. As regards the 6 school-mistresse for the education of some 125 children, with one exception, we make the same recommendation as we have made in the case of Army children, that is, that special schools should only be kept up where no facilities exist at civil schools. Where the latter exist, grants should be made for educating airmen's children at such institutions. Where separate schools must be maintained, locally trained teaching staff should be appointed in place of staff recruited from England.

6. We understand that proposals have been approved for the appointment of two inspectors of Air Force explosives and for the upgrading of two appointments in the signal branch of the Force. In view of the necessity for economy, we urge that no effect should be given to these proposals for the present.

7. As regards the staff at Headquarters consisting of 24 officers, we have examined the distribution of duties carefully as we consider that the staff is exc ssive. There is one officer at Headquarters for every Rs. 10 lakhs of gross expenditure on the Air Force compared with one for Rs. 33 lakhs in the Army. We have already recommended the abolition of the two medical appointments and the Chief Education Officer. As regards the two Engineer officers, we have some doubts as to the necessity for the post of Assistant. We understand, however, that inspection of Military and Civil landing grounds is carried out both by this officer and by an inspector of the civil department. We consider that these duties could be combined. Further, we recommend that two more appointments at Headquarters be selected for abolition, though we agree that the special investigation into the stores position, which is proposed, should not be impaired.

8. Throughout the Force there are maintained 138 British clerks. We recommend that only the absolute minimum of British clerks be retained for special duties and that the balance be replaced by less expensive Indian personnel.

9. We are informed that the actual average tour in India of officers who returned last year to the home establishment was 3 years and 4 months and in the case of airmen, 2 years and 11 months. This short service must involve India in considerable extra expenditure and we, therefore, recommend that steps be taken that the tour of duty in both cases should be increased to five years.

10. The reserve pool of officers will, it is understood, be reduced from 16 to 8, and we hope that, after the question of leave has been investigated, still further reduction may be possible.

11. We are informed that the airman receives kit and clothing allowance on the same scale as the British soldier in India and also a messing allowance of 3½ annas a day. We have recommended the reduction of the former by 15% and of the latter by half an anna in the case of the soldier and the same reduction should apply to the Air Force. This will save about Rs. 50,000.

12. As regards the Depot at Karachi costing Rs. 18 lakhs and the Park at Lahore costing Rs. 4 lakhs, we have examined the question whether this separation of duties does not lead to reduplication of staff and of stores. We propose to go into the question at greater length when we resume our enquiry and to inspect one or both of these formations. In the meantime we recommend that the question of duplication be examined and the strength of the staff closely scrutinised as it appears to be organised on very liberal lines. Here again we advocate the appointment of Indian staff wherever possible in place of British other ranks.

13. As regards motor transport, we are informed that the total number of vehicles maintained is 191 and that many of these are of types peculiar to the Air Force. A special organisation is maintained for the overhaul and repair of these vehicles. We do not consider that the fact that many of these vehicles are of a pattern different from the Army pattern should militate against the transfer of the work of overhaul and repair to the Army Mechanical Transport Workshops at Chaklala, if, on investigation, this course proves to be economical.

14. The budget estimates are based on an allowance of 300 hours of flight per month per squadron. The average for the whole Force recently amounted to 2,750 flying hours a month. We were informed that the cost per hour of flight amounts to about Rs. 93 for fuel, oil, overhaul, etc., and that each overhaul, which takes place after 200 hours flight, costs over Rs. 6,000 for the engine alone, apart from the cost of reparation of the machine. On this estimate, the cost of practice flying for the force amounts to over Rs. 30 lakhs a year. We examined the Air Officer Commanding on the question whether, at the present time, a substantial reduction should not be made in this expenditure by reducing the amount of flying. We were informed that any definite reduction in this training would be most detrimental to the efficiency and morale of the Force. We recommend, however, that the question be

investigated with the object of securing economy wherever possible without serious detriment to efficiency.

15. As regards stores and supplies, we were informed that the value of stores obtained last year from England was £771,000 and of those obtained in India about Rs. 4¼ lakhs. The stocks maintained in the Depot and Park amount to 15 months' peace consumption for English stores and 9 months' peace consumption for local stores. In addition the Park holds stocks of 6 months' peace consumption for all squadrons (except Quetta) and for the Park itself. The squadrons keep 2 months' peace consumption for their own requirements. In addition, all units work to a maximum peace establishment of 3 months for Ordnance and one month for I. A. S. C. stores. It is stated that three months' peace consumption is held to be equivalent to one month's requirements in war.

We consider that these stocks are excessive. The question has been receiving attention and considerable savings have been effected in the current year. We recommend, however, that a thorough investigation be made of the reserves of stores and engines maintained and of the scale of annual requirements.

The present holdings of stores should, in our opinion, be reduced to 9 months' peace consumption of English stores and 3 months for Indian stores. It should also be considered whether the additional 6 months' Park stores could not be reduced to 3 months, Ordnance stores to one month and the holdings of squadrons to one month's requirements. We consider that present circumstances make it necessary that some risk should be taken and our recommendations will effect very substantial initial savings. We further consider that all indents for stores should pass through the Indian Stores Department and the Director of Contracts to ensure that Indian manufactures receive due consideration. As regards bombs and explosives, we are informed that the total value of the stock maintained is nearly 30 lakhs of rupees. As the highest expenditure in any month in the last three years was Rs. 7 lakhs, we consider that here also a reduction in stocks is possible.

16. The total provision for works expenditure is about Rs. 25½ lakhs, the main items being :—

	Lakhs.
New works	12
Works in progress	2
Maintenance	9

We recommend that no new works be provided for next year and that the maintenance charge, which is based on the Army rate, be reduced for some time to come by 15 per cent. as most of the Air Force buildings are of recent date. This will reduce the cost of maintenance of buildings and roads by about Rs. one lakh. Works in progress and minor works for next year should be limited to Rs. 5 lakhs. With our other recommendations, the reduction on works charges should be at least Rs. 10 lakhs for next year.

17. Lastly, we recommend that no further expenditure of a capital nature on development or reorganisation be incurred during next year. This should involve a reduction at least of Rs. 20 lakhs in the estimates for next year as compared with the present year.

SUMMARY OF RECOMMENDATIONS.

Royal Air Rorce.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Discontinuance of special medical Air Force service	..	1,00,000	..
(2) Abolition of two medical appointments at headquarters	..	35,000	35,000
(3) Abolition of Educational appointment at Headquarters	..	12,000	12,000
*(4) Organisation of children's education on lines recommended for Army (saving not estimated) ..	..	..	..
(5) Reduction of two further appointments at headquarters	..	30,000	30,000
(6) Replacement of British by Indian clerks (saving not estimated)	..	..	..
(7) Increase of tour of duty in India of officers and airmen (saving not estimated)	..	..	..
(8) Kit and clothing allowance to be reduced on Army scale	..	50,000	50,000
(9) Reduction of staff at Depot and Park (saving not estimated)	..	..	..
(10) Economy in expenditure on flying (saving not estimated but say)	..	2,50,000	2,50,000
(11) Reduction in reserve stocks	10,00,000	..	10,00,000
(12) Reduction in provision for new works and in maintenance grant	9,00,000	1,00,000	10,00,000
Total ..	19,00,000	5,77,000	23,77,000

* Majority recommendation.

CHAPTER XVII.—Military Engineer Services.

The net expenditure under this head for the current year is Rs. 3,98,98,000 made up as follows :—

	Rs.
Works	1,96,43,000
Maintenance of roads, buildings, etc.	1,12,86,000
Maintenance and operation of installations	50,98,000
General charges	23,72,000
Establishment	64,38,000
Tools and Plant	3,92,000
Expenditure in England	4,69,000
Total ..	4,56,98,000
Receipts and other deductions	58,00,000
Net expenditure ..	3,98,98,000

2. We have taken preliminary evidence from the Quarter-Master General on the policy governing military works and from the Engineer-in-Chief on certain aspects of the administration and internal economy of the department, but we have been unable to complete our enquiry at this stage. We propose to confine ourselves now to recommendations which will directly affect next year's budget and we will resume our enquiry into the establishment and other charges of the service at a later date.

3. We have been informed that a large proportion of the expenditure on works has been determined by what is called the amenity programme and that this expenditure, during the last four years, has amounted to Rs. 4 crores 13 lakhs distributed as follows :—

	Lakhs. Rs.
Reconstruction of Indian troops' lines	2,76
British troops' lines, electric lighting and hospitals ..	83
Improvements to British hospitals	21
Improvements to Indian hospitals	33
Total ..	4,13

The main items which are still in contemplation are one crore for British officers' accommodation, 2 crores for married quarters for British families and 1½ crores to 2 crores on Indian troops' lines.

4. In our consideration of this large expenditure we have received valuable assistance from the Quarter-Master General. We are definitely of the opinion that, as so much has been spent on amenities and other works in the last four years and as the financial situation requires a drastic reduction of

this expenditure, the amenity programme and other works schemes must be postponed till circumstances improve, except for absolutely unavoidable construction. As for works in progress which cannot be shut down, we understand that commitments to the extent of about Rs. 88 lakhs are outstanding and we recommend that this amount should be spread over the next two years in equal instalments.

The provision for maintenance of buildings and communications amounts to about Rs. one crore 13 lakhs. In the case of buildings we understand that the estimate is based on 1-3/8 per cent. of the capital value. Owing to the heavy building programme of the last few years, a fair proportion of the buildings must be new and the allotment for repairs should be capable of some reduction. For this reason and having regard to similar recommendations on the civil works side, we think that a reduction of 7½ per cent. might be made on this year's figure, saving about Rs. 8½ lakhs.

5. We have discussed with the Quarter-Master General certain tentative estimates for next year and we are of the opinion that the net budget, including the specific reductions suggested by us should not exceed Rs. 2 crores 86 lakhs, a saving for next year of Rs. one crore 13 lakhs.

6. One of our terms of reference invites us to consider whether part of the expenditure now charged to revenue, could not, at any rate as a temporary measure, be met from loan funds. We have not been able to examine this aspect of the question which, as it involves a new departure, will require our most careful consideration. If we find ourselves able to recommend such a procedure, a further reduction will probably be possible in the budget which we have proposed above.

CHAPTER XVIII.—General Questions.

I. *Pay.*—(1) In regard to the system of pay prevailing in the Army, we have collected certain information but have not, in the time at our disposal, been able to formulate any final opinions thereon. We have been struck by one fact which continually emerged during the course of our examination of various ancillary services. We refer to the liberality of the scales of pay and allowances admissible to various classes in these services and we have had occasion to comment upon these scales at various points in our report and to suggest means by which more economic service could be obtained. From the laymen's point of view it strikes most of us as singular that it should be necessary or desirable to pay higher rates of pay in the ancillary services than in the fighting services. We merely notice this fact in passing and reserve our fuller comments till a later stage when we have been able to examine this important problem at greater length. At the present stage, we confine ourselves to a consideration of the question whether further relief to the financial position should not be afforded by a provisional reduction of the present scales of pay which were introduced at a time when the general cost of living was much higher than at present. In giving this much consideration to the question we realise that we may probably be regarded as over-stopping our terms of reference, by including fighting services in our recommendation below. But, in an emergency such as the present, we do not see how a retrenchment committee can avoid indication of a fruitful field for economy. With one exception, we consider such a reduction justified and we understand that the question is one which has engaged the attention of other sub-committees of our main Committee. Any action in this direction in the view of the majority must be on a uniform basis and be extended to all classes of the servants of the State except perhaps those below a certain minimum rate of pay. If a provisional reduction in present rates of pay is introduced on the civil side of the administration, it must, in the view of the majority, in equity, be applicable with suitable limits, also to the military forces, both fighting and ancillary. The tentative contribution which the majority of us make to the views which will be submitted for co-ordination under present arrangements to another sub-committee is as follows:—

1. A reduction of 5% on pay between Rs. 200 and Rs. 500 a month.
2. A reduction of 7½% on pay between Rs. 501 and Rs. 1,000 a month.
3. A reduction of 10% on pay over Rs. 1,000 a month.

(2) The cost of pay as a whole in the Army amounts, as we have been informed and have already stated, to the huge total of 27 crores of rupees of which 17 crores relate to the fighting services and 10 crores to the administrative and ancillary services. In the time at our disposal we have not been able to obtain an estimate of the saving which will be secured by reductions on the lines suggested, but it should not be less than three quarters of a crore.

II. *Expenditure on new measures under the programme of re-organisation and re-equipment on modern lines.*—We understand that provision to the extent of about Rs. 150 lakhs has been made in the current year for new measures most of which fall within the programme referred to. We have

not taken evidence specifically on the question as to what general programme, if any, is contemplated for next year but we are of opinion, having regard to the present financial position, that such expenditure should be postponed as far as possible. How much reduction in the present scale of expenditure can be made by this means depends on considerations which we have not yet been able to evaluate such as the inevitability of some expenditure of this kind or the feasibility of charging " programme " expenditure to loan funds.

III. We append a general summary of the financial effect of our recommendations in the field which we have so far covered; the estimates are necessarily only approximate and we have omitted many items for which no estimates were readily available. Nor have we taken into account any estimate for the proposals in the preceding paragraphs of this chapter though there should be very substantial savings possible in these directions.

IV. We propose to resume our enquiry towards the end of December when we will pursue further investigations into the Army Factories, the Ordnance Services, the Military Enigneer Services and the system of financial control, and take up the examination of the staffs at Army Headquarters, Commands, etc. and of the Royal Indian Marine and certain miscellaneous subjects.

(Signed). T. RANGACHARIAR,
(Chairman).

„ MOHD. AKBAR HOTI.

„ SHIVDEV SINGH UBEROI.

„ MOHD. YAKUB.

„ F. C. BOVENSCHEN*.

15th September 1931.

*Subject to the reservations in the attached note.

NOTE.—Appendix C. contains the provisional views of Messrs. Mudaliar and Benthall at the time when they left to attend the Round Table Conference.

Note by Mr. Bovenschen.

Throughout the material of the report certain threads of policy keep recurring, influencing quite naturally both the general outlook of the report and the particular recommendations. The three main ones, may, I think, be described as Indianization, Civilianization, and the bringing into line with present Indian financial conditions of the privileges and opportunities which British troops receive in India as equivalent to what they receive when serving elsewhere. On these questions of policy, the views expressed in the report cannot be regarded as mine : nor do I agree with the implications which the expression of those views in places may be regarded as conveying. Further, I have neither the experience of India nor the full knowledge of the reasons underlying past policy to justify an opinion on the principles involved. But from the point of view of practical administration I should like to make the following observations :—

1. *Indianization.*—From a financial point of view it is clearly advantageous to substitute Indian personnel for British personnel, and an Economy Committee would fail in its duty if it did not point out the great possibilities in this direction. How far suitable Indian personnel are already available to take up the various duties at present carried out by British personnel and how long it will take to train them, if they are not, I am not in a position to say. But I am definitely of opinion that, merely as a practical matter, substitution must in many cases be gradual, and that, if Indianization is to succeed, in certain spheres at any rate, it can only be introduced by means of sympathetic trial and experiment. The Army machine is complicated : if it is to be efficient, all its parts must be efficient ; and to substitute on a large scale immediately in certain parts a different personnel from that which has hitherto been employed may endanger both the efficiency of the whole machine and the success of the substitution. And there are moral and contractual obligations in respect of those who are at present performing the duties,—obligations which even on financial grounds cannot be ignored.

2. *Civilianization.*—I agree that there are spheres of Army administration in which a due proportion of the civilian element may properly and very advantageously be introduced. But in my view civilianization of Army administration, or any portion thereof, is not an end in itself. The Army is a military machine, and if it is to be retained at all, it must be retained in a state of military efficiency with, of course, due regard to economy. How far, as a matter of principle, the present Army organization falls short of the due proportion of civilian element to ensure the maximum of efficiency and economy is a matter on which it seems to me desirable to wait till the end of our enquiry before expressing an opinion. How far, apart from questions of principle, the introduction of the civil for the military element in particular cases would increase or decrease efficiency and what economy it would give is a matter for examination on the merits of each case.

3. As regards the privileges and opportunities accorded to British troops in India, I agree with the minority view expressed in paragraph 3 of the section dealing with Army Education. But questions of principle and policy apart, I think it right to draw attention to the hard fact that recruiting in the United Kingdom is already a matter of the greatest difficulty, and the withdrawal of certain attractions now offered or the discrimination between conditions of service in India and elsewhere might well aggravate that difficulty beyond practical limits.

Arising out of these general observations or for other reasons, I have the following comments and reservations to make on the particular proposals contained in the report.

(*a*) *Army Instructional Establishments and general education.*—I do not think that the Physical Training School and the Equitation School should be closed. I think that everything possible should be done to avoid completely closing down establishments which the Army holds have a definite military training value. But in present financial circumstances, I think that some reductions must be made, and I would recommend that at the Physical Training School, the Equitation School, the Small Arms School, the School of Artillery and the Tank Corps School, the outturn of students should be reduced by 30 per cent. with consequent saving in staff. I would suggest this on the ground that it may be possible to utilize the instructors, who have passed through these schools, to instruct members of their units to act as their assistants, and by this means, with a reduced output from the Schools, to give training in the units not unduly below the standard at present afforded.

As regards the Equitation School, I am not clear why British officers should take three horses and Indian officers two horses to the School. If it is cheaper for officers to bring their own animals instead of the school maintaining a pool, I recommend that the number they bring should be reduced (unless there is no additional cost to the State for transport or otherwise in bringing the extra horses).

As regards the Senior Officers' School, under present conditions, I agree that some reduction in instructional staff should be attempted, but I would limit the reduction to one. Subject to these modifications I agree with my colleagues' recommendations as to the Schools of Instruction.

As regards Army Education, I agree in the recommendation to abolish the Command appointments and the reduction of Army Education Corps Warrant officers by attaching smaller units to larger for educotional purposes. I do not know enough of the conditions of civil schools in India and their accessibility to cantonments to justify me in recommending the abolition of Army Children's Schools at all stations at which there are civil schools, and the question of policy (the provision of facilities equivalent to what the soldier enjoys elsewhere) also arises. Subject to that question, I think that an experiment might be made on the lines recommended by the Committee at suitable stations where civil facilities exist.

I regret I am not in agreement with proposals (*b*) and (*d*),—the reduction of district inspectors in addition to that of Command appointments and the restriction of the soldiers education to the 2nd Class Certificate standard.

(*b*) *Indian Army Service Corps.*—As regards the details of my colleagues' recommendations in regard to the Mechanical Transport establishments, I would prefer to wait till the results of the Quarter-Master General's examination are known, and, if possible, till I have had an opportunity of visiting the establishments. I doubt, *e.g.*, whether the reduction of British Other Ranks by as much as 50 per cent. is a practical proposition. On the other hand I am hopeful that the Quarter-Master General's examination will result in at least the 7 lakhs reduction recommended by the Committee, if not more.

In these and other cases the military authorities with their knowledge of the actual working of the machine are in a favourable position to judge how economies agreed on in principle can best be applied in detail.

(*c*) *Supplies.*—As regards the proposals for the replacement of British Other Ranks and British Officers, my general remarks on the subject of Indianization apply.

(*d*) *Travelling Warrants.*—I am completely in agreement with my colleagues that a system of travelling warrants is desirable, but I would not recommend it, if the cost of audit in the Army audit offices and the charge, which I understand would be made by the railway companies, is disproportionate.

(*e*) *Remounts.*—I should prefer to reserve my opinion on the points under investigation by the Special Committee set up by the Quarter-Master General until that Committee has reported. I have not had sufficient evidence to enable me to agree to the suggested scheme for the administration of Remount depôts.

(*f*) *Medical Services.*—Many of the recommendations (*e.g.*, the increase in the proportion of Indians in the I. M. S., the greater use of Assistant Surgeons, the use of Indian Hospital Corps Orderlies for British troops and of Indian Nurses, the staffing of amalgamated hospitals) involve questions of policy on which I express no opinion. But this is one of the cases, to which I referred in my general remarks above, in which on practical administrative grounds, if for no other reason, changes of policy should in my opinion only be introduced, if approved, after experiments have established that they will work efficiently and well.

I do not think that the proposal to abolish the allowance granted to medical officers in possession of specialist qualifications is sound. That such specialists should be available seems to me most desirable and I doubt whether, without financial inducements, officers will qualify.

(*g*) *Military Accounts.*—As regards the decrease in the number of Superior Service Officers and Subordinate Gazetted Officers, and the views and recommendations expressed by my colleagues I think it only right to say that I found no evidence that the proposals of the Military Accountant General have been made with any partiality to any particular grades or with regard to anything but the effect of the various reductions of work which he proposes on the particular staff affected.

On the general question of the reduction of the Superior Service Officers, it seems to me from such experience as I have that, in a department

dealing with financial advice and audit as well as accounts, an establishment of 44 Superior Service Officers in charge of 101 Subordinate gazetted officers and over 4,400 Accountants and clerks is definitely low. While in the actual keeping of accounts there is no doubt a large amount of routine work and the proportion of the officer grade to the others may well be low, in audit and financial advice a high percentage of upper staff is not only justifiable but economical : and while I cannot pretend to know the Indian system I should, on general grounds, consider that a definite weakening of the standard of audit and financial control with possible financial risks would result from the reduction of Superior Service officers. In any case I do not think that any reductions beyond those recommended by the Military Accountant General are justifiable, and I do not make my recommendation of the other economies proposed conditional on any reduction in the higher grades.

As regards priced store accounts, I recommend their abolition as soon as possible with the consequent saving of Rs. 4 lakhs. Their retention seems a relic of Cost Accounting days and viewed either from the aspect of financial control or from that of the information furnished to the public, their cost is in my view totally disproportionate to their utility. Something on the lines of what is done in the United Kingdom, where the question of stock valuation for the Army has been exhaustively and independently considered, should in my opinion meet all reasonable requirements, if any replacement of the existing accounts is necessary.

(*h*) *Recruiting Services.*—I think the Ajmer and Delhi recruiting areas should be amalgamated with the consequent saving of staff. As regards my colleagues' recommendation, recruiting work (including the administrative work inseparable from it) is of such importance to the Army that, I do not feel justified, in view of the evidence given to us, in recommending more than that an experiment should be made of the substitution of one Viceroy's Commissioned officer for a recruiting officer.

(*i*) *Vocational Training.*—As indicated in my general remarks, I cannot agree with my colleagues' views on this.

(*j*) *Air Force.*—My remarks regarding the provision of school facilities for the children of soldiers apply in the case of the Air Force.

(*k*) *General Question.—Pay and Allowances.*—I cannot agree to the reduction proposed in the pay of commissioned officers and soldiers, whether they belong to the fighting or administrative service. I express no opinion on this question, recommendations on which I had regarded as outside the terms of our reference.

F. C. BOVENSCHEN.

GENERAL SUMMARY.

Head.	Initial saving.	Recurring saving.	Saving recommended for 1932-33.
	Rs.	Rs.	Rs.
(1) Supplies	83,000	14,40,000	11,90,000
(2) Animal and Mechanical Transport and other such charges	60,75,000	37,79,000	39,93,000
(3) Remounts	7,20,000	7,25,000	13,45,000
(4) Veterinary Services	..	68,000	59,000
(5) Farms	6,72,000	3,10,000	5,50,000
(6) Medical Services and Stores Depots	7,00,000	31,56,000	16,00,000
(7) Kit and Clothing allowances	..	24,15,000	15,90,000
(8) Miscellaneous Services	..	12,85,000	12,65,000
(9) Military Accounts	..	7,18,000	3,92,000
(10) Royal Air Force	19,00,000	5,77,000	23,77,000
(11) Army Education	..	11,21,000	9,63,000
(12) Schools of Instruction	..	7,61,000	7,61,000
(13) Military Works	1,04,50,000	8,50,000	1,13,00,000
(14) Cantonments	..	4,90,000	2,65,000
(15) Factories (preliminary)	..	4,00,000	2,00,000
Total ..	2,06,00,000	1,80,95,000	2,78,50,000

NOTE.—The above summary does not include several items, the savings from which cannot yet be estimated: nor does it take into account savings from any possible reduction in pay or from the "programme" expenditure referred to in Chapter XVIII except some items under Mechanical Transport.

APPENDIX A.

I have forwarded separately through the Financial Secretary the proposed revised terms of reference to the Sub-Committee on Army Expenditure. A copy is placed on the file.

2. The provisional programme is as follows. The Sub-Committee will meet in Calcutta about July 10th to consider material then available and, with the permission of His Excellency the Commander-in-Chief, would like to visit the local factories. It will return to Simla about July 25th and from then onwards take evidence. It might request permission to visit one of the Arsenals. It will probably report to the General Committee about the end of August.

3. The basis of the enquiry will be the memorandum by the Financial Adviser on the growth of expenditure and the following supplementary information is proposed for the Sub-Committee :—

(*a*) a general note explaining what economies have been effected during the currency of the " Contract " Budget. The Chief of the General Staff agreed to this at an earlier meeting.

(*b*) a note for each head dealt with in the memorandum referred to (except for Head I " pay and allowances of the fighting services " for which the only information required has been separately indicated) which would bring out in more detail reasons for increased establishment and expenditure. It should then deal with such questions in the terms of reference as apply to the particular head in question. An informal discussion was held recently with the Financial Adviser in which particular questions likely to arise out of the terms of reference were suggested for consideration. The note would then show what further economies were proposed or suggest further lines of investigation.

4. The Sub-Committee would be glad to have as much material as possible in its hands some time before the meeting on July 10th and I would request that all material on the above lines which can possibly be prepared by June 18th should be sent to me for communication to the members. For the present 8 copies of typed replies will suffice. If necessary the question of printing will be considered later.

A. F. L. BRAYNE.

The 5th June 1931.

APPENDIX B.

Army Department are asked to produce—

(*a*) a general statement of the economies actually effected during recent years;

(*b*) a statement of the proposals for economy which are being brought into effect.

The following documents should be collected and the Army Department should be asked to forward them to Dewan Bahadur T. Rangachariar :—

Pay and Allowances Regulations.

Travelling Allowance Regulations.

Passage Regulations.

Medical Regulations.

Barrack Synopsis.

Supply and Transport Regulations.

The two Innes Committee Reports.

Action taken on the above Innes Committee Reports.

Action taken on the Inchcape Recommendations.

Welby Commission Report.

Annual Reports of Factories, Grass Farms, etc., for the last two years.

Public Accounts Committee proceedings for the last two years.

Copies of the Auditor General's letters for the last two years.

Army Headquarters Directory.

A comparative table of pay and allowances for all ranks from General downwards—British and Indian.

Army Department will furnish in respect of each head in the memorandum on expenditure a fuller account of activities and reasons for increased expenditure with special reference to the relevant sections of the terms of reference. The following are a few of the special questions which should receive attention.

Head I.—Kit and Clothing Allowances.—A brief history of these allowances up to date should be given, *i.e.*, the half mounting allowance system should be described. What the kit and clothing allowance now is and on what basis it is fixed.

Miscellaneous and incidental expenditure.—It will be necessary to describe the nature of the expenditure included under this head.

Non-combatant followers.—Give the numbers and pay of these non-combatants; describe briefly what their duties are.

Reservists.—The terms of service. Find whether they can be utilised so as to give some return.

Head II.—Army Educational Establishment.—Ascertain how much of this expenditure is on Indians and how much on British and the *per capita* cost.

Central versus local purchases.—Produce a note showing the benefits and economies of central purchases.

Transportation.—A note on the mechanisation policy, with reference also to the subsidy scheme and he rules regarding utilisation of mechanical transport in peace and whether mechanisation is cheaper than animal transport.

Remounts.—Regarding purchase of walers, examine the question whether country-bred animals could not be more extensively utilised. Also enquire into the point whether the period of acclimatization of horses is essential and the cost of this.

Arsenals and Depots.—Enquire into the following points:—

Are Arsenals not too scattered? Could they be concentrated more; on what basis are stocks maintained? The system of provisioning. The system of condemnation of deteriorated stock and the system of inspection of equipment in units and depots, *i.e.*, are the safeguards against premature condemnation adequate. Method of disposal of condemned stocks (In this case a reference to the Disposals organisation note only will be given). Steps taken to prevent deterioration in stock in arsenals. When new articles are introduced what is done with the serviceable old articles?

Medical Colleges and Schools.—Why should the Army not recruit men after they have passed out of the civil institutions, *i.e.*, why should subsidies be given for training?

Medical services.—Is the number of beds excessive considering the reduced sick list of present times? Is hospital accommodation excessive? The justification for the number of specialist officers now maintained.

Military Accounts Department.—The Military Accountant General is taking this matter up and showing what has been done to economise and simplify work.

Administration of Cantonments.—Is the standard of administration not too high with the result that grants have to be given from Army funds? Alternatively, is not the standard of taxation too low having regard to the benefits received. Are overhead charges excessive, *i.e.*, cost of supervising establishment?

Grass and Dairy Farms.—Are supervision charges not excessive? Could supervision not be done by Commands? Are the prices charged to customers high enough?

Staffs.—Have the recommendations of the Innes Committee been carried out? With regard to the clerical establishment, have the recommendations made by Mr. Macdonald been carried out? Are Commands dealing with the clerical staff? Are the clerical establishments not too highly paid considering the work they do? Will the adoption of modern office methods lead to economies? Enquiry into the substitution of British clerks by Indian clerks. Why is the proportion of officers to clerks so much higher than in Civil offices? Similarly the proportion of senior officers to junior officers. Is any saving possible on contingent charges, *i.e.*, telephones, telegrams, printing and stationery charges? Is there any special control of printing and stationery?

Stores.—An account should be given of the ration scheme.

Fuel and Light.—Is any reduction possible in the scales or in the distribution?

M. T. Stores.—What is the necessity for holding so many reserve vehicles and spare parts? Methods of provisioning should be described. Whether economy can be effected through greater standardisation of vehicles.

Animals.—Has the reduction in the purchase of animals corresponded to the increase in expenditure on M. T.?

Transportation—Hired Transport.—Why is there an increase under this head when there has been so much expenditure on mechanisation?

Non-effective charges.—What less ned expenditure can be expected owing to the fall off in war pensions. A memorandum should be furnished regarding this head which would contain comparative rates of pensions.

Auxiliary and Territorial Forces.—Expenditure should be shown separately on these forces and enquiry made as to whether any economy is possible in supervision and training.

M. E. S.—The percentage of overhead to the total expenditure should be worked out. The system of contracts should be described and enquiry made as to whether the rates for work and labour have come down to an extent which corresponds to the fall in prices. Are the scales of buildings and furniture excessive? Are the charge which the M. E. S. make for electric light and water adequate? Is the provision of buildings based on a regular programme, and if so, what reduction in expenditure may be expected after completion of programmes?

APPENDIX C.

As Dewan Bahadur Mudaliar and Mr. E. C. Benthall have to leave to attend the Round Table Conference, the Committee on 7th August desired to ascertain and record their views upon the military estimates generally and in particular upon those heads upon which the Committee have had fuller information and evidence from witnesses *e.g.*, military accounts and the Quarter-Master General's Services and Military Engineering.

2. The results of the discussion are as follows. In regard to the Fighting Services the two members considered—

(1) In view of the fall in prices substantial savings should be secured by reduction in various allowances such as (*a*) Syce and Forage allowance, (*b*) Kit and Clothing allowance, (*c*) Messing allowance, (*d*) the various miscellaneous Allowances such as Band and Office allowance, the total of which is about Rs. 22 lakhs.

(2) They considered that the principle of duty and other allowances had been too widely adopted in the Military Accounts Department, and that these should be reviewed and materially reduced. In th particular case of unit accountants where some special pay seemed desirable, it shou d be given in the form of a special grade rather than as an extra duty allowance.

(3) Mr. Mudaliar considered that officiating allowances should be suspended at least for a period.

(4) An enquiry should be held into the necessity for various 'station' or 'local' allowances.

(5) As regards certain items of expenditure in England, Mr. Mudaliar thought that the payments for National Health and Unemployment Insurance were not a fair charge upon India and that these items should be included with the Capitation Rate before the forthcoming tribunal. Mr. Benthall was not prepared to give his opinion upon the justification for these payments but agreed that they should be dealt with as proposed.

(6) Mr. Mudaliar considered that expenditure on Vocational Training was unjustified and should cease forthwith. Mr. Benthall was not prepared to express an opinion without further enquiry but agreed that the question ought to be fully considered.

(7) Mr. Mudaliar considered that the Lee Concession passages (which cost the Army some Rs. 20 lakhs) should be suspended at least for a year. Mr. Benthall would rather put it that owing to the fall in the cost of living a reduction in emoluments of officers and other ranks was probably desirable in some form as in many other places if this could be done without injustice and without giving rise to serious discontent. It was agreed that for future pay a sliding scale varying within limits with the cost of living on the English system should be adopted.

(8) It was agreed that the system of employing military officers in quasi-civil formations such as factories and grass farms was undesirable except where expert military knowledge was essential. Mr. Mudaliar held that the higher departmental rates of pay for such ancillary services were unjustified. Mr. Benthall thought that an enquiry should be made into such rates of pay.

3. Certain special points were discussed and the conclusions of the two Members were as follows :—

(1) Deputations of factory officials should be enquired into: also the system of study and language leave, particularly the sending of officers to Japan, China and elsewhere.

(2) The scales of followers throughout the Army should be examined and reduced.

(3) Marriage and separation allowance should continue.

(4) A definite programme of Indianisation in the ancillary services should be drawn up for the next five years, the Indians appointed to be on lower pay, say

two-thirds of the present rates. Mr. Benthall would add that the only test of progress must be efficiency. The educated man often lacks the power to command while the uneducated man often has not the necessary ability. In his opinion progress must largely depend upon sympathetic handling of the problem by senior officers which will gradually permeate downwards. And of this, there are, in his opinion, good signs.

Educational and Instructional Establishments.—(1) It was agreed that the numbers of officers and men sent for training should be reduced and that a consequent reduction should be secured in teaching establishment.

(2) As regards Army Education, Mr. Mudaliar thought that the Lawrence schools should be administered by the Punjab Government, the Army perhaps making a grant. He considered that the pupils educated in these special schools and in the King George's School might really be educated in the ordinary provincial schools. He further considered that locally trained teachers should be employed instead of importing school-mistresses, etc., from England. Mr. Benthall preferred not to express his opinion without further enquiry but agreed that enquiry might be made on these lines. He was, however, definitely of opinion that the expenditure on Army education should be reduced by 10%, the actual methods being for the Department to devise.

5. *Remounts.*—Mr. Mudaliar considered that it was uneconomical to purchase a lot of young stock and maintain them for years. Mr. Benthall thought that the whole question of Remounts was one on which the advice of the Chief of the General Staff should be sought. For one thing, as regards infantry chargers it was possible that the present standards were too high.

6. *Medical Services.*—Mr. Mudaliar held that all further recruitment should cease, that the Indian Hospital Corps should be divided into combatant and non-combatant, that British and Indian Hospitals should be amalgamated. The British nursing orderlies should be abolished and locally trained nurses employed instead of Europeans. He would also abolish the capitation allowance in the case of military pupils at provincial schools. Mr. Benthall agreed about the last point and that enquiry should be made as regards the others; he further considered that in the case of this head it would probably be necessary to insist on a percentage cut, the details of compliance to be left to the authorities. Mr. Mudaliar further considered that family hospitals should not be retained but families should have recourse to civil hospitals. The scales of diet and of stores in hospitals should be revised. In his opinion it was unnecessary to maintain a war reserve of medical personnel as there was an ample reservoir in civil life. The I. M. D. should be open to all communities and could perform much of the work now done by I. M. S. and R. A. M. C. officers. Mr. Benthall thought that enquiry should be made along these lines.

7. *Veterinary Services.*—It was agreed that these appeared to be overstaffed in respect of officers and that a reduction should be made. The two Army Veterinary Schools should be abolished.

8. *Supplies.*—(1) More rapid progress should be made in the process of substituting Indians for British Other Ranks.

(2) The Cis-Indus supply organisation should be adopted in Trans-Indus areas.

(3) The number of Supply officers appears to be excessive and in some cases senior officers seem to hold charge of small formations. Mr. Mudaliar would definitely reduce the numbers. He would also divide the I. A. S. C. into combatant and non-combatant. Mr. Benthall would not express a final opinion but agreed that there were grounds for enquiry.

(4) The question of contracts had been very fully discussed with the witnesses and the views of the two members on particular points were—

(*a*) tenders in all cases of over Rs. 10,000 should be normally called for in the open market and advertised in principal vernacular as well as English papers;

(*b*) lists of approved contractors should be published once a year and displayed on notice boards;

(*c*) it should be made clear in tender forms that persons could quote for only a portion of the total required and also for delivery at particular places;

(*d*) while it was agreed that particulars as regards the accepted rate and whether the lowest tender was accepted, should not be published, it was considered that in the case of local purchases also details as to tenders accepted should be published locally in the most suitable manner.

(5) It was considered that all contracts of any importance, both central and local, should be considered by a Board as in the case of certain Railway contracts. Mr. Benthall was definitely opposed on principle to the appointment of a non-official to the Board, though if Railways admitted this, the case was weakened. On this point Mr. Mudaliar would follow the Railway precedent. As to whether the Director of Contracts should be transferred to the control of the Financial Adviser or Army Secretary after the Home analogy, there were points in favour of such a course, particularly the principle that the purchasing agency should be independent of the consuming and spending department. It was agreed that the point might be examined further.

(6) An enquiry should be made into the co-ordination of the purchasing system, the Indian Stores Department and the Director of Contracts. This might be done by the Army Sub-Committee and the Stores Sub-Committee together. Mr. Benthall considered that there should be more co-ordination and that inspection branches should be amalgamated.

(7) As regards purchase of articles such as tinned meat, the question of bulk purchase pooled with the War Office should be considered.

(8) In case of agencies such as those for *ghi*, grain and grain crushing, the question as to whether this was the most economical system should be pursued. If accepted as the best, then wide call should be made for tenders.

(9) As regards mobilization reserves, the volume required thorough examination with the object of reducing losses on turnover, etc.

(10) They would emphasise the importance of the rupee tender rule and thought that a limited price preference of say 20 per cent. should be considered.

(11) The Director of Contracts should consult the Agricultural Department on the further development of certain articles of supply required by the Army.

(12) The use of soft coke for cooking instead of firewood where more economical and the purchase of coal in consultation with the Chief Mining Engineer from the Central Provinces mines should be considered.

9. On the general question whether the Ordnance factories should be employed more on Government work, Mr. Benthall stated that he had given his full opinion in a separate note. Mr. Mudaliar thought that the superior staff in factories should be reduced: that inspection was excessive and duplicated inside and outside the factory, except perhaps on lethal weapons. He would give more Government work to factories even at the cost of departing from the policy that private trade should be favoured. He would not, however, increase plant for the purpose but only use existing plant to the full. In the case of the clothing factory electrical energy should be taken from a private company instead of running a separate and expensive plant in the factory.

10. As regards Rations, it was possible that the scale was pitched at a fairly liberal rate with a margin of safety. In any case whether or not this was the case, the sliding scale experiment indicated that bulk issue of full scale was uneconomical *e.g.*, 800 men or horses did not need 800 standard rations and the tax-payer should get the advantage of this fact to a larger degree than at present. The ration system should therefore be reviewed. In view of the fall in prices the 3½ annas a day messing allowances should be reduced probably to 3. This would mean a saving of about Rs. 6 lakhs. The issue of mutton instead of beef on one day in the week should be discontinued saving about Rs. 4 lakhs.

11. *Military Accounts.*—(*1*) On the particular question whether priced store accounts should be abolished, Mr. Mudaliar would prefer to express no view at this stage. Mr. Benthall considered that as all necessary information could be procured under a different system, the saving should be secured. He thought that the recommendations of the Military Accountant General amounting to a saving of about Rs. 9 lakhs should be secured.

(2) The system of duty allowances should be reviewed to secure considerable reduction

(3) The system of factory accounts seemed to be very complicated and not of great use to the control. An expert enquiry should be made into the whole matter.

(4) Scales of pay in the department are high and should be reduced.

(5) The system of unit Accountants should continue, the two men in British infantry units should be reduced to one and further reductions seem possible where separate formations are close together. An officer of the Depa tment might be asked to study the English system of pay accounts on the spot.

(6) Further amalgamations should be considered, *e.g.*, distribute work of Presidency and Assam District, combine Marine office with Poona or at any rate reduce it to a Deputy's section. Combine Madras with Poona.

12. As a general question (though concerning the Military Accounts Department) Mr. Mudaliar deprecates the system of extending Lee passage concessions so widely, *e.g.*, to officers promoted from subordinate to superior services and would have the whole question reviewed.

Mechanical Transport Vehicles and Stores.—Subject to its not being proved impossible, Mr. Benthall would stop this year and next year all purchases both of vehicles and of stores (unless it can be shown that replacement of any particular stores are essential) and would recommend that the organization of a reserve of civilian vehicles should be taken in hand. With the limited number of frontier roads progress may have been too rapid and a period of review would be sound. Mr. Mudaliar agrees with Mr. Benthall, without the opening proviso. Mr. Mudaliar should like examination of the question whether the standard of mechanization of the Army already reached is not sufficient for all practical Army purposes connected with the defence of India.

Mechanical Transport Types of Vehicles.—Mr. Mudaliar and Mr. Benthall consider that an endeavour should be made to develop one "Sealed pattern" type of vehicle suitable both for Army and Air Force use.

Mechanical Transport Spares.—Mr. Mudaliar and Mr. Benthall consider that if possible makers of vehicles should, as a condition of the purchase of their vehicles, be required to guarantee the provision of spare parts for a term of years.

Use of Army Factories in connection with Mechanical Transport.—Mr. Mudaliar and Mr. Benthall consider that further examination should be given to the question whether use cannot be made of the Ordnance Factories in connection with repair work of Mechanical Transport. Probably Chaklala could be much reduced in size, part being kept as a war-reserve.

Mechanical Transport Repair Units.—Mr. Mudaliar and Mr. Benthall would both record that these units seem expensive and that technical investigation should be made into their costs with a view to substantial reduction.

Animal Transport for part of Field Army.—Mr. Mudaliar considers that this transport should be dispensed with (subject to the retention of any required for economical provision of peace requirements). Mr. Benthall would like the question further considered.

Mechanical Transport and Animal Transport Personnel.—(*a*) Mr. Benthall and Mr. Mudaliar would recommend that a definite programme should be prepared by the Military authorities for the training of Indian personnel to be substituted for British "Other Ranks."

(*b*) Mr. Mudaliar recommends a reduction in the strength of officers in Mechanical Transport units. Mr. Benthall agrees, subject to further evidence confirming this view.

(*c*) Mr. Mudaliar and Mr. Benthall would recommend a reduction in officers in animal transport units with reference to the reduction in the number of animals in such units.

(*d*) Mr. Mudaliar and Mr. Benthall consider that the cost of training mechanical transport drivers is too high.

(*e*) Mr. Mudaliar would like to know the scales of pay and allowances of the Anglo-Indians referred to on page 112 of the Army Budget.

Vehicle Reception Depot.—Mr. Mudaliar and Mr. Benthall both accept the necessity or this.

Central Mechanical Transport Depot.—Both Mr. Mudaliar and Mr. Benthall consider that the cost of the staff employed on stores seems excessive. They both consider that the pay of artificers referred to on page 25 of the Quarter-Master General's note should be reduced forthwith.

Substitution of Civil agencies for Military agencies at Cis-Indus stations.—Mr. Mudaliar thinks that in Cis-Indus stations civil agencies should be substituted for military personnel for administrative work such as that at supply depots, etc.

Hired Transport.—Both Mr. Mudaliar and Mr. Benthall consider that existing Army transport should be still further used to save the cost of hired transport even at the risk of splitting up mechanical transport units still further.

Transportation.

System of annual relief of units.—Mr. Mudaliar and Mr. Benthall consider that these movements should be confined for the next few years to a narrow circle near the frontier.

Furlough passages for the Indian Army.—Mr. Benthall would press that the examination of this question should be pursued and that reduction should be made in these furlough passages. Mr. Mudaliar before expressing an opinion would like to know how many men avail themselves of the privilege and for what period.

Removal of soldiers and their families to the hills.—Mr. Mudaliar and Mr. Benthall both think that this should be very considerably curtailed.

Embarkation Staff.—Neither Mr. Mudaliar nor Mr. Benthall makes any recommendation in regard to this.

Travelling Warrants and allowances.—Mr. Benthall is in favour of the principle that travelling warrants should be issued for officers and stores vouchers for baggage and appropriate allowances should be given as an alternative to the present system of the grant of so many fares in cash. He thinks this change of system would reduce criticism though it might not save so much as would be saved by curtailing travelling. Mr. Mudaliar makes no recommendation on this point but thinks that the travelling allowance on permanent transfer is too high and should be reduced.

General Cost of Transportation.—Mr. Mudaliar and Mr. Benthall both consider that reduction of at least 10 per cent. in the total cost of transportation should be aimed at taking into account the savings on individual items which are being considered separately.

Military Rolling Stock.—Neither Mr. Mudaliar nor Mr. Benthall has any recommendation to make in regard to this.

Saloons.—Both Mr. Mudaliar and Mr. Benthall think that some reduction should be made in regard to the use and cost of saloons, but they would like to see what the Quarter-Master General is proposing before making any recommendation.

Grade of accommodation on freight ships.—Both Mr. Mudaliar and Mr. Benthall recommend that there should be reduction in the grade of accommodation at present allotted on freight ships to various classes of officers.

Camping Grounds.—Mr. Mudaliar thinks that these should be disposed of so far as possible. Mr. Benthall agrees but would retain a right to use of wells, etc.

Movement of supplies under the Central Purchase System.—Mr. Mudaliar had no remarks to make on this.

Launches.—Mr. Mudaliar and Mr. Benthall both consider that these should be immediately got rid of.

General Notes by Mr. Benthall.

Military Engineer Services.—Mr. Benthall would cut out for the next year or so all expenditure on new works except on such new works as are necessary to keep up the existing accommodation. He would restrict the Rs. 1,20,00,000 referred to in Mr. Macleod's Memorandum as normal expenditure on new works to Rs. 20,00,000 and then only subject to proof of absolute necessity for fresh buildings in each case. If this is

done, he considers that the R. E. officers can then concentrate their attention on supervision of maintenance services and probably reduce the cost of maintenance by 10 per cent. by better supervision.

He also considers that the maintenance of electrical and other communications should be examined by some outside expert with a view to effecting economies.

Territorial and Auxiliary Forces.—He considers that, under present conditions, these forces give no satisfaction either to the public or to the Military and the question should be reviewed with a view to seeing whether arrangements cannot be devised which will, without additional expense, make these forces both of military value and also make them satisfactory to public opinion. He also considers that units of arms other than infantry, if of no military value, should be converted into infantry provided this would result in economy.

General Remarks by Mr. Mudaliar.

Co-ordination of various defence agencies.—Mr. Mudaliar thinks that a sub-committee of the Army Retrenchment Committee should consult with the General Purposes Committee on the general question of co-ordination of various defence agencies on the frontier with a view to preventing overlapping of responsibilities and effecting economies.

Stocks.—Mr. Mudaliar thinks that the stocks of boots and clothing, etc., at present maintained are excessive.

Purchase of Hides.—Mr. Mudaliar thinks that the present joint purchase system existing between the Government and Messrs. Cooper Allen should be abolished.

Clothing Scale for Followers.—Mr. Mudaliar thinks that the clothing scales for followers should be reduced.

Veterinary Services.—The stipends for Veterinary students should be abolished.

Mechanical Transport Workshops.—Cost is much too heavy, both officers and men should be reduced.

Military Works.—He agrees entirely with Mr. Benthall. All new expenditure on buildings, electricity and furniture should cease during next year save where the G. O. C. of the Command certifies it to be absolutely essential for the safety of the Army.

APPENDIX D.

DETAILED QUESTIONNAIRES ISSUED BY THE ARMY SUB-COMMITTEE.

INSTRUCTIONAL AND EDUCATIONAL ESTABLISHMENTS.—(*Estimates page 70*).

General.

(1) As regards all these establishments how far is the output regulated by demand ; how far in estimating the supply is account taken of the personnel trained in corre ponding schools in the United Kingdom and now serving in India ; and for approximately how long do personnel trained in the schools in India remain in India after such training ?

(2) Is the general standard set by these schools not too high for purely Indian requirements ?

(3) Would it be possible and economical at any of the schools to substitute N. C. O. instructors for officer instructors ?

(4) In the case of all these establishments have the details of incidental and miscellaneous expenses been reviewed to see whether reduction cannot be made in view of the fall in prices ; (a 10% cut would yield over 15,000 rupees).

Physical Training School and Command Staffs.—What are the numbers (*a*) British (*b*) Indian officers and other ranks passing through the school annually ?

Staff College Quetta.

(1) What is the length of the course ? What is the total number of students ? How many officers from the Dominions are trained at Quetta ? What charge is made to the Dominion Governments for training their students ?

(2) How many instructors are of a higher grade than G. S. O. II ?

(3) Is the cost of a student a day given in the note the full cost (*e.g.*, inclusive of accommodation, travelling rations, etc.) ?

(4) Could arrangements be economically made for the students now trained at Quetta to be trained instead at Camberley ?

Small Arms School.

(1) Would it not be possible to combine the two wings ?

(2) Where is the Headquarter located ?

(3) What charges are made in respect of the vacancies allotted to Irregular Corps and on what are they based ?

(4) Would it not be possible to substitute Indian soldiers for British Soldiers in any of the cases in which the latter are now employed ?

(5) It is noted that six Indian Officers replace three British.

Equitation School.

(1) How many horses are retained on the establishment of the school ? Do students bring their own horses with them ?

(2) How many of the students is it estimated belong to arms other than the Cavalry? When was the policy of sending such officers and N. C. Os. to the school introduced ? Under present financial conditions could not this policy be reviewed ?

(3) Why has the number of Indian officers and other ranks gone up from 206 in 1930-31 to 238 in 1931-32 (page 78 Army estimates) ?

(4) With the reduction in cavalry units is the school justified ?

Senior Officers School.

(1) On what basis is one-third of the vacancies allotted to British Service Officers ? What is the length of the course ?

School of Artillery.

(1) What is the average number of students at the school at one time ?

(2) What is the estimated annual expenditure of ammunition at the school ?

Royal Tank Corps School.

(1) The annual output of the school is given on page 83 of Army Estimates as 66 officers and 162 other ranks. The establishment of the Tank Corps in India is given on page 12 of the Estimates as 100 officers and 1,164 other ranks. For what other corps does the school cater ? What is the establishment of officers and other ranks in such corps for which instruction is required ? What is the relation between the Royal Tank Corps School and the Mechanical Transport School at Chaklala ? What is the total number who have passed through the school ?

(2) The Committee would be glad of further information regarding the probable effect on this school of the policy now under consideration in regard to light tanks. They would also be glad to be informed what additional training is given to Tank Corps personnel beyond what they receive in England now and what additional training it is contemplated will be necessary if the light tank is adopted.

Army School of Signalling.

(1) How is the work at this school divided between the training of personnel of the Corps of Signals and personnel of other units ? What is the establishment of instructors in units which the school is designed to maintain and approximately how long do such instructors, when trained, remain in their units ?

(2) What is the annual output of the school ?

(3) What is the nature of the course conducted at the school and what is the length of the course ?

ARMY EDUCATION (*Estimates page 86*).

1913-14.	1922-23.	1931-32.
11,70,000	27,25,000	35,32,000

Supervising and Inspecting Staff.

(1) Why is it necessary to maintain command inspectors in addition to district inspectors ? Could not the former be abolished and certain districts amalgamated so as to reduce the number of inspectors ?

Garrison Schools, etc.

(2) The Inchcape Committee recommended that these educational facilities should be reviewed and limited. The Committee would like to know what has been done in this respect and what economies have or can be effected.

(3) What numbers of British troops are examined annually for various classes of certificate and what number qualify ? Approximately what number of British troops coming to India already have third class or higher certificates ?

(4) Is any education given to other than fighting troops ?

(5) What are the educational and training grants shown on page 88 of Army Estimates and to whom are they given ?

(6) What are the duties of the officers—do they do actual teaching or is this carried out by other ranks ?

(7) As regards education of children, the Committee note that the cost is Rs. 165 per head per annum. What is the total number of schools, the average attendance at each and the normal size of a class ?

(8) How far is use made of local schools for both British and Indian children ?

(9) At what stations are Army schools maintained in which there exist schools for European or Anglo-Indian children ?

(10) Why is it necessary to bring Army school mistresses from England ? Would it be possible to employ locally trained teachers ? What are the terms of service and average emoluments of a school mistress ?

(11) Has any independent report been made upon the efficiency of this educational system ?

(12) Generally why should the cost of education of the British soldier and his children fall upon the Indian taxpayer, considering that in the first case only partial and in the latter case practically no benefit accrues to India from this education ?

School of Education.

(13) The Committee understand that instructors trained here are mainly regimental instructors who do not belong to the A. E. C. What is the division o duties between instructors so trained and those on the establishment of the A. E. C. ? Could not numbers of A. E. C. be reduced by making greater use of regimental instructors ?

(14) Could not the Army School of Education be abolished or suspended in present financial circumstances, considering that a large number of students averaging about 1,000 a year have already been trained ? How is the annual out-turn made up ?

(15) What is the necessity for and the functions of the special wing ? Is this essential at the present time ? What is the average number of students ?

Royal Military College.

(16) Does this college educate boys for civil life also : if so, why should any charge in respect of such students fall upon the military estimates ?

K. G. R. I. M. Schools and Lawrence Schools.

(17) The Committee would like to know why these schools should be a charge on the military budget as it is understood that the Army receives little direct benefit therefrom. As regards the donation to Lovedale School, is this a perpetual commitment ?

(18) As regard the Kitchener College what is the out-turn, and the number at presenl being trained ? What is the place of this school in the general training system of the Indian Army ?

Miscellaneous.

(19) (*a*) What are the British Army School scholarships ?

(*b*) What are the duties of regimental munshies ?

(*c*) Have the amounts of language rewards been recently reviewed with the object of economy ?

(*d*) What is the justification for assistance to Unattached List ranks ? Why has there been so large an increase recently ?

(*e*) Why should students be sent to China and Japan for study purposes at the present time : to what other countries are they sent ?

(*f*) Why have the fees of examiners increased so much recently ?

SUPPLIES.—(*Estimates page 104 and page 234*).

The main points are—

(1) The reduction in the cost of I. A. S. C. stores from Rs. 324 lakhs in 1929-30 to Rs. 249 lakhs for the current year of which the main items are as follows :—

	Lakhs.
Provisions	149½
Grain and salt for animals	36½
Petrol and lubricants	10
Coal and firewood	24
Oil for lighting	4
Others	5½

The total staff employed has increased as follows :—

	B. O.	B. O. R.	I. O.	Civilians.	Followers.	Total.
1914	105	315	..	561	3,033	4,014
1931	161	373	68	751	3,175	4,528

As regards this organisation, the Committee would like to know :—

1. What is the pay of officers and other ranks of the Supply Service as compared with that of the fighting services and what reasons exist for the difference ?
2. Why is it necessary to maintain so many British officers and other ranks in an organization of this kind ? Would it be possible to employ more economically Indian civilian (or military) personnel in their place ?
3. As regards the trans-Indus organization what savings in officers and men would result from the adoption of Cis-Indus methods ?
4. What are the respective strengths of the trans Indus and Cis-Indus organizations, and the strength of the troops they serve ?
5. Can regimental transport not deliver rations to troops within cantonments ?
6. What were the numbers of troops and animals to be fed and of the supply personnel in 1922 and 1931 respectively ? Has increased efficiency of method led to a reduction of supply personnel beyond a reduction proportionate to the numbers to be supplied ?
7. What are the duties of followers of various grades and how are such followers distributed ?
8. What steps are taken to advertise tenders ? In what cases are open tenders invited and in what cases are limited tenders called for ? For what classes of case is a list of approved contractors kept ?
9. What is the objection to the publication of accepted tenders as the Committee understand is done by the High Commissioner and the Indian Stores Department ?
10. How many tender forms were issued for contracts of 10,000 rupees and over in the last 3 years : how many tenders for such contracts were received ? In how many cases, in contracts of 10,000 rupees and over in the last 3 years, have tenders been allowed to be revised after acceptance ? In how many cases, in contracts of 10,000 rupees and over have tenders other than the lowest been accepted, what were the reasons for such acceptance, and what was the excess cost over the lowest tender ?
11. Who decides when the lowest tender is not accepted and what control is exercised by the Finance Department over such cases ? Would it not be desirable to settle all these and similar contract questions (in contracts over a definite financial limit) by means of a contract board consisting of *e.g.*, a military officer, a financial representative and a civilian (official or non-official).
12. The Committee would like a statement showing the figures at which the principal commodities of supplies were purchased in each month for the last 12 months and a comparable figure of the prevailing prices at the same periods at three or four representative military stations. What are the prevailing contract rates of these principal commodities and the market rates so far as they are readily available ?
13. What is the need for the control purchase system being so widely extended ? Is it really economical in cases of supplies which are generally locally available in quantity ? Would it not be preferable in such cases to restrict the Controller of Contracts to the function of settling contracts on f. o. r. terms, leaving it to District Commanders, etc., to draw on contractors as required ? Would it not pay in the long run to revert to this system for all areas except the Northern Command in view of the high cost of transport to other areas ? Has the cost of transport increased under the central purchase scheme ? What steps are taken in each case under the central purchase scheme to secure the benefit of fall in prices ?
14. How far is the Indian Stores Department utilized at present in the purchase of I. A. S. C. supplies and to what extent can further use be made of that department ?

15. Are any steps taken to work in collaboration with those who purchase for regimental requirements *i.e.*, institutes ?

16. How many purchasing agents are there ; for what commodities are they employed and in what commands ? On what is their remuneration based ? Is it so fixed that the higher the price at which purchases are made the greater the remuneration ? What are the methods of checking and controlling the prices at which agents purchase or recommend purchase ? How is the price of *ghi* settled ?

18. Are all purchases in England made through the High Commissioner's office ?

19. What are the means by which local market rates are ascertained for purposes of comparison with central purchase rates ?

20. When articles are purchased from outside India (*e.g.*, sugar) what procedure is adopted to ensure that there is true economy in the purchase of foreign goods ? Why is sugar purchased from Java ?

21. Have any attempts been made to develop local supplies of goods now imported ? What steps are taken to ascertain whether indigenous goods cannot be supplied ?

22. What steps are taken in the case of alternative articles of supply (*e.g.*, coal and firewood) to ensure that the more economical article is purchased and used ?

23. How much of the 23 lakhs of rupees provided for local purchase of coal and firewood represents the purchase of coal and how much the purchase of firewood ? The Committee are not clear as to the position in regard to stocks.

24. They would like to know the volume of reserves of I. A. S. C. supplies and on what basis those are fixed. It appears that there is considerable expenditure on the turnover of provisions. Is this so ? What stocks are kept on unit charge ?

25. On what authority and by what methods are supplies condemned and declared obsolete ? What are the figures of losses in stock (*a*) in transit (*b*) from other causes, in the last three years ?

26. What is the system of control of the scale of issue of such articles as coal and firewood ?

27. What is the daily cost a head of the ration for British and Indian troops respectively ?

28. As regards the ration scheme what are the results in the case of selected units ? On what basis is the value of the ration fixed ? Would it be possible, economical and popular to introduce a system of a cash allowance in lieu of some portion of the ration at present supplied in kind ?

29. In the case of Indian units would it be advantageous to revert to the system by which they made their own feeding arrangements ? What would be the saving involved ?

30. Is there a daily messing allowance for British troops ? If so, has this been revised in accordance with the fall in prices and also with due regard to rates of exchange ? Is the rate of exchange taken into account in fixing any other allowance or entitlement ?

31. What special concessions in the way of fee or special scale of rations are given in certain areas such as Waziristan ? Are these still essential in present conditions ?

32. It appears that the Braithwaite Committee recommended certain reductions in both British troops' and Indian troops' rations. Has any action been taken on the recommendation and has the scale of ration since been examined ?

33. To what extent is the ration composed of locally purchased or purchasable articles ?

34. In the case of provisions and other supplies (I. A. S. C.) issued on payment how is the price calculated ? If in certain cases the payment is based on cost price *plus* a percentage, how is the percentage calculated ? Who are entitled to obtain provisions on payment ?

35. Have animal rations been revised since 1922 ? What is the amount of the ration issued to horses, mules and camels respectively and what is its cost ? To what extent is the ration composed of locally purchased or purchasable articles ? The Committee would like to have veterinary opinion on the adequacy of the ration ; is it in any way too liberal ?

36. Is the Military Food Laboratory at Kasauli essential under present conditions ? Does it publish an Administrative Report ? If so, the Committee would like to see a copy.

ANIMAL TRANSPORT AND MECHANICAL TRANSPORT.

(Estimates p. 110.)

The attention of the Committee was drawn to the following points :—

(1) In 1914 when animal transport was the only kind in existence the establishment was—

(*a*)	B. O.	B. O. R.	I. O.	Civilians.	I. O. R. and followers.
	82	213	66	90	24,257

and the number of animals, mules, bullocks and camels was 48,560.

Today when animal transport is required almost entirely for 1st line transport when troops are in contact with the enemy, the number is—

(*b*)	B. O.	B. O. R.	I. O.	Civilians.	I. O. R. etc.
	72	48	147	116	14,000

No. of animals 18,000.

It will be observed that despite the decrease due to mechanisation the number of British officers has fallen by 10 only while the number of officers British and Indian has increased from 148 to 219. The fall in I. O. R. and followers is not proportionate to the fall in animals.

(2) There has been a very large increase in mechanical transport. The establishment is——

B. O.	B. O. R.	I. O.	Civilians.	I. O. R.
194	442	77	469	9,993

If the establishment at (*1*) (*b*) above, the present animal transport establishment, is added, the total establishment for transport is now—

B. O.	B. O. R.	I. O.	Civilians.	I. O. R. etc.
266	490	224	585	24,000

(3) The figures of cost are just as striking. The cost of transport, animal transport establishments *plus* hired transport in 1914 was Rs. 36 lakhs ; today it is as follows :—

	Lakhs.
Animal transport	43
Mechanical transport	83
Hired	15
	141

In addition there is the following provision for mechanical transport, stores and vehicles—

In India	13,20,000
Customs duty	9,00,000
In England	64,93,000
Building	18,00,000
Petrol & Oil	11,50,000
	116,63,000

Further, the total value at cost prices of the vehicles in stock is over Rs. 4½ crores, the number being 4,000 while stocks in hand (spares) amount to Rs. 67 lakhs.

The Committee would like information on the following points :—

(*i*) What is the basis on which animal and mechanical transport are provided, and what are the contingencies which they are designed to meet. The same question arises in regard to all services and the Committee would be very glad if the Chief of the General Staff would as a preliminary to their further discussions explain the underlying policy.

(*ii*) The Committee understand that mechanical transport is very largely maintained for mobilization purposes and not on an economic peace basis. If this is so, having regard to present financial stringency, could not some risk be taken in regard to the mobilization position.

Can the military authorities say on what lines the British authorities work in regard to the provision of mechanical transport for mobilization purposes ?

(*iii*) Similarly, as regards first line transport, the Committee understand that for mobilization reasons it is maintained for Brigade and Divisional troops of 4 divisions on higher establishment. Could not a greater amount of transport be maintained on lower establishment having regard to present financial conditions ?

(*iv*) How much does a pack animal carry and how much a cart ? Apparently the weight and volume of first line transport has increased since 1914. If so, would it not be possible to revert to pack for first line transport and what would be the saving in such reversion ?

(*v*) Has the reduction in animal transport been commensurate with the increase in mechanical transport ?

(*vi*) Can a figure be given showing the total expenditure on animal, mechanical and hired transport in 1931 (including cost of fodder of animals, petrol, &c., and annual replacements) with a comparable figure for 1914.

(*vii*) What is the carrying capacity of animal transport and mechanical transport in Cwt. miles a day, and how does it compare with the similar carrying capacity of animal transport before the War ?

(*viii*) Can a diagram be prepared showing the stages covered by 1st, 2nd and 3rd line transport respectively ?

(*ix*) Can mules be requisitioned on mobilization ? If so can no reduction be made in peace establishments on this account ?

(*x*) For what purposes are camels used, and where are they used ?

(*xi*) What is the normal annual cost of replacement of animals ?

(*xii*) Is the programme of mechanization nearly complete ? Having regard to the present financial stringency, pending consideration of the question, could not all purchase of new vehicles be suspended ? How far are there outstanding commitments ?

(*xiii*) What is the normal annual cost of replacement of (*a*) the authorised establishment of mechanical transport vehicles and (*b*) of that part of the establishment which has already been completed ?

(*xiv*) How are the running expenses of Mechanical Transport calculated, *i.e.*, are they calculated on a mileage allowance and if so is this only for vehicles in operation ? (The Inchcape Committee recommended 1,000 miles). What is done with vehicles required only on mobilization, to what extent are they run during the year ?

(*xv*) The Committee would like an analysis of vehicles by standard types. Are any types obsolete ? By whom are changes in type authorized and how often are such changes made ? How far are types used which have reliable agencies in India ?

(*xvi*) Who decides whether a vehicle is obsolete or beyond further use ? What are the lives of a car and lorry and how do they compare with the lives in England ?

(*xvii*) What is the actual minimum establishment of Mechanical Transport required for peace work and how is it distributed by Commands ? Why is a 6-wheeled section being retained at Kohat ?

(*xviii*) The Inchcape Committee held that the establishment of mechanical transport of all kinds should not exceed 1,600 ; on what ground was this recommendation not accepted ?

(*xix*) The Inchcape Committee recommended that Chaklala should be abandoned for M. T. purposes. Why was this not done ?

(*xx*) Could not the work of the M. T. reception depot be done by the M. T. unit at Karachi or otherwise provided for ?

(*xxi*) How many vehicles are completely overhauled annually and what is the average cost of overhaul including carriage to and from unit ? What is the capacity of the shops and what the capacity of the mobile repair units ? Is the capacity of these shops and units on a peace or war basis ? Is the machinery in the shops adequate for the repair work undertaken and to what extent is it fully employed ?

(*xxii*) The Committee would like further evidence regarding the capacity of civilian agencies for repair work and their use in cases where economy would be secured by such use.

(*xxiii*) Can the manufacturing resources in India not be developed to provide a reserve power of production and to set free reserves ?

(*xxiv*) If it is necessary to provide M. T. on the basis now contemplated, would it be economical to institute an Army factory for the purpose ?

(*xxv*) What are the qualifications of the British and Indian officers employed (*a*) with M. T. (*b*) in M. T. workshops ?

(*xxvi*) Could not more Indian officers and artificers be employed in place of corresponding British ranks ?

(*xxvii*) The Estimates (explanations p. 113) suggest that 1,000 drivers are trained every year : the note before the Committee gives the figure as 500. Which is correct ? Has experience established that a 12 months' course is essential ? What is the establishment to be maintained and what are the terms of enlistment ? The cost (of training staff) works out apparently at 800 rupees a man trained. Would it be possible to carry out the training more economically through civil agencies ?

(*xxviii*) Is not the staff of the Central Mechanical Stores Depot excessive ? What is the staff with which they deal ?

(*xxix*) The Committee would like to see one or two inspection reports rendered by the Inspectors of Mechanical Transport.

(*xxx*) Has expert advice, *e.g.*, from the London General Omnibus Company in England ever been obtained as to the repair and overhaul system employed for M. T.

(*xxxi*) Are the increases in pay and establishment allowed for the Heavy Repair Shops in 1928-29 still necessary ? Why were they given ?

(*xxxii*) What is the necessity for a M. T. adviser in England ?

(*xxxiii*) Are the roads in the probable sphere of operations sufficient to carry the establishment of transport provided ?

(*xxxiv*) How is the allotment of staff cars made and what control is exercised over their use ? What control is exercised over the use of mechanical transport generally ?

(*xxxv*) At what stations is hired transport employed, on what occasions and of what type ? To what extent is it used merely " to encourage contractors " in order to have that source of supply readily available on mobilization.

(*xxxvi*) Could not all the military Launches be dispensed with forthwith ?

TRANSPORTATION.

(Estimates p. 262.)

	Rs.
The following are the principal items :—	
(1) Embarkation staff	4,07,000
(2) Railway Transport staff and Rest Camps	1,18,000
(3) Travelling and outstation allowances	42,38,000
(4) Rail charges—annual relief movements, etc.	1,00,79,000
(5) Sea and Inland water charges	7,40,000
(6) Leave Passage concessions	20,00,000
(7) Hired transport	15,00,000
(8) Indian Troop Services (75,88,000) Contribution from H. M.'s Government (18,24,000)	57,64,000

The Committee would like further information on the following points :—

(1) Is it essential to maintain separate embarkation and Railway transport staff throughout the year instead of only during the busiest tropping season ? Could not the work be done by the staff at Bombay, etc., with additional local help during the busy season ? How is the staff at present accommodated ? Do the officers on the staff draw syce and forage allowances ?

(2) What steps have been taken recently to reduce the expenditure on travelling and outstation allowances on transfer or on tour ? What are the present rates and is it under contemplation to reduce them ? Where allowance is given for baggage, is this charge paid on the actual amount incurred or is the full allowance drawn as a matter of course ? Would not a system of railway passes be more economical ?

(3) Could not the furlough passages for the Indian Army, which is a fairly new concession costing Rs. 9½ lakhs, be suspended in present circumstances ?

(4) As regards relief movements, the Committee understand that there is a regular programme and that the total cost has been limited to Rs. 15 lakhs. In view of the financial crisis could not the relief programme be suspended for a year or two or in the alternative be so modified as to reduce the cost to an least one-third of the present cost ? Is any economy possible by movement by road ?

(5) What steps have been taken to minimise the movements of stores ? Is not the system of central purchase largely responsible for the heavy expenditure on movements of stores ?

(6) As regards the Army rolling stock, the Committee note that 75 cars, etc., cost 9½ per cent. on estimated value *plus* cost of haulage. What is the estimated total annual mileage run by these cars and how often are they used ? What would be the comparative cost of requisitioning accommodation as required from time to time ? The Committee would like to take evidence on this point.

(7) As regards saloons for high officials, what charges are made by the Railways and what is the total annual cost involved ? Should these be used by officers other than Principal Staff Officers ? In present circumstances why should this privilege and the privilege of special reserved accommodation generally not be materially reduced ?

(8) The Committee note that in former times much of the movement of troops was carried out by road necessitating camping grounds. Are these still maintained on the main roads at Government expense? If so, should they not be disposed of ?

(9) How is the payment for the Indian troop service regulated and on what basis is the contribution of His Majesty's Government fixed ? How are the freight levels fixed ? How many men are transported now annually and how many were transported before the war ?

(10) What steps are taken to ensure that accommodation is used to its fullest capacity? Has there been any reduction in expenditure on "packet" passages owing to better control ?

(11) What persons are entitled to passage by troop ship and to what classes of accommodation on packet ships are various categories of passengers entitled ?

(12) Are indulgence passages now given and if so on what basis ?

(13) To whom are Lee concession passages granted ?

(14) What are the details of the miscellaneous charges of Rs. 3,90,000 sub-head A minor head (*e*) page 266 Army Estimates ?

(15) What are the rules governing movements of British soldiers' families to the hills, what are the numbers and cost involved ?

REMOUNTS.

(Estimates page 124.)

	1913-14.	1931-32.	Receipts.
Remount Depots	27,23,000	14,70,000	22,000
Cultivation Farms		5,90,000	
Horse Mule and Breeding operations		5,90,000	
Purchase of animals		24,77,000	2,50,000
		51,27,000	

Staff.—Before the war there were 18 Remount officers and 10 Veterinary officers. Now there are 30 Remount officers and 8 Veterinary officers. (In 1927 unseconded attached regimental officers were seconded at a cost of Rs. 2,32,000.) In addition there are the following provided in the Budget :—

1931.		1914.
26	British Soldiers	31
196	Remount Squadrons	..
2,120	Stable and other establishment	5,000
1,309	Clerical and other establishment	

The following savings have recently been effected : Rs. 18,000 by reduction of 68 bullocks. The following are the figures of horses and mules, imported and local :—

	1927-28.	1930-31.	1931-32.
Draught Horses	727	1,050	607
Riding horses	1,098	1,525	1,963
Riding Horses (Indian)	827	1,050	..
Mules Artillery	233	313	236
Mules Light	150	60	..
A. T. Mules (Indian)	764	..	Not settled.

The Committee would like information on the following points :—

(1) What are the total annual requirements of horses and mules for the Army and from what sources are they obtained ?

(2) Why is there an increase in the number of riding horses to be purchased in 1931-32 ?

(3) What are the recent reductions in each class of horses and mules attributable to mechanisation ?

(4) What reserve of horses and mules is maintained and where are these reserve horses and mules kept ?

(5) What steps are taken to encourage the breeding of riding horses and of mules in India and what have been the results ? What is the total cost of breeding operations to the State ? Could not draught horses be bred in India ?

(6) What is the extent and value of the land grants made for breeding purposes ? What results have been obtained and what prices are paid for the animals so bred ?

(7) In acting on the assumption that India cannot produce sufficient animals to meet annual replacements in the Army, is an excessive standard aimed at ? Was not a great deal achieved from indigenous sources during the war ?

(8) What are the purchasing agencies for the purchase of horses ? What remuneration do they receive for the purchase of both imported and local horses ?

(9) On what basis and by whom is the purchase price of animals fixed ?

(10) The Committee note that six months acclimatization is regarded as necessary in the case of imported horses. What, in fact, is the average period of retention at present and what is the cost per head of acclimatization ? Could not this period be dispensed with in present conditions or materially reduced or, at any rate, could not a trial be made in certain units of posting unacclimatized horses to them ?

(11) What is the wastage of horses during the time of acclimatization ?

(12) Could imported horses be bought after they have been acclimatized and, if so, at what price ?

(13) What has been the average cost to the State at the time of (*a*) purchase (*b*) issue for service of each class of animal imported, locally bred or locally purchased and what are the items which make up the difference between (*a*) and (*b*), *e.g.*, transport, food and overhead charges.

(14) Is there any delay between the landing of imported horses, and their purchase by Government and, if so, is this taken into account in the price ?

(15) Could Remount depots be leased to contractors or civil agencies to manage and, if so, would this result in economies ?

(16) Does the forage scale vary during the period of an animal's acclimatization and of its subsequent service ?

(16A) What are the number and rank of officers who have to maintain chargers and what are the rules as regards the optional maintenance of chargers ? What has been the cost of chargers to the State and what are the prices charged to officers ?

(17) Is it necessary to maintain a Directorate of Remounts at Army Headquarters as well as a Veterinary Directorate ? What are the duties of the Remount officers ?

(18) What is the pay of the officers of the Remount Department and how does it compare with that of similar ranks in the fighting services ? Why is it necessary to second all officers for the Remount Department ?

(19) Could economies be secured by the employment of retired pay officers and of reservists instead of serving officers and other ranks.

(20) The Inchcape Committee noted that the Braithwaite Committee made proposals calculated to save Rs. 13 lakhs a year and recommended the adoption of their proposals. Have those proposals in fact been adopted and, if not, on what ground ?

(21) The Inchcape Committee recommended the reduction of the war reserves by a system of registration in India of horses suitable for military purposes. Has this been done ?

(22) What is the system of calculating annual wastage of the various classes ? At what age are horses and mules cast and by what authority ? Could not the age be increased at least in certain units ?

(23) What is done with cast animals ? What is the proportion between the original cost price and the price realised on casting ? What is the average period of retention of an animal in the service ?

(24) Having regard to the present financial stringency, the Committee feel that it may be impossible to afford an organisation on so expensive a scale as the Remount Department at present is. They would like to know what reductions could be effected to save, say, 20 per cent. of the total present cost, namely, Rs. 10 lakhs.

(25) The Committee would like a statement showing the total establishment of animals in the Army during the past five years and the total expenditure during each of those years on the Remount and Veterinary establishments respectively.

VETERINARY SERVICES.

(Estimates page 128.)

1. On page 23 of Q. M. G.'s Memorandum number 4 the peace establishment of the Army Veterinary Services for the years 1913-14, 1920-21 and 1930-31 is given as follows :—

	1913-14.	1920-21.	1930-31.
British Officers..	64	81	66
British Other Ranks	23	23	4
Vet. Asst. Surgeons		219	132
Clerks	29	47	54
Indian Other Ranks		1,470	542+222 reservists.
Followers Class I		119	87
Menials	4	2	3

The Committee would like to know how these figures are divided between administrative and executive posts, remounts (if included) and leave reserve.

2. What has been the total animal establishment for the past five years, distinguishing between animals in fighting and transport units and those in establishments, etc., and what the cost and numbers of the establishment for veterinary services during each of those years ?

3. On what lines is the establishment for veterinary services worked out ? As regards expansion on the outbreak of war, what reserves are there of officers and men ? What are the terms of enlistment of men ?

4. What is the total number of veterinary hospitals, what their total capacity, the average number of sick animals in hospital and the maximum number at any one time ? At what stations are these hospitals and what is the total number of animals at these stations ?

5. Would it not be possible and economical to increase the number of Indian officers in substitution of British officers or to employ civil agencies for animals attached to establishments such as dairy farms ?

6. What are the technical qualifications of the British officers ? On what terms are they employed ? How many were brought from overseas, and how many engaged in India ?

7. What is the necessity for the veterinary schools at Ambala and Poona in view of the fact that there are veterinary schools at Bombay and Lahore ?

8. Why should fees and allowances be paid in respect of military students under training at Lahore ? What is the number of students under training ? How are the students chosen, and why is it not possible to recruit qualified civilians direct for appointment as Veterinary Assistant Surgeon ?

9. Is it not possible by taking some slight risks to reduce the cost of this department ?

Medical Services and Store Depots.

(Estimates pages 136, 138 and 178.)

The main items of expenditure in the current year's budget are—

	Rs.
Medical Services (p. 138)	1,48,09,000
Furlough allowances and Overseas pay in England (p. 170)	15,50,000
Medical Colleges and Schools (p. 136)	2,97,000
Medical Stores Depot (p. 178)	29,33,000
Purchases in England (p. 193)	13,50,000
Medical Directorate at Army Headquarters (p. 208) ..	5,14,000
M. E. S. charges for hospitals work in progress and new works (p. 368)	12,50,000
Against these charges the main receipts are as follows :—	
Hospital revenues (p. 174)	3,20,000
Receipts for medical stores (p. 194)	34,03,000

The above is not a complete statement of the actual cost of the medical services as it does not include charges for—

(*a*) medical instruments and supplies to hospitals (Rs. 15 lakhs).

(*b*) provisions and diet for patients.

(*c*) free rations to staff.

(*d*) clothing for patients and staff.

Cost accounts are not now maintained on this basis but the total for these heads in 1922-23 was Rs. 1½ crores and despite the fall in prices must be a considerable sum today.

2. The staff is as follows (there is some discrepancy between the figures in the Inchcape Report and those now given by the medical authorities in their note):—

	1913-14.	*1922-23.*	*1931-32.*
R. A. M. C. officers	333	332	290
I. M.S officers	273	495	397
B. O. R.	..	450	460
Assistant Surgeons	436	416	365
Sub-Assistant Surgeons	731	739	742
I. H. C.	6,512	12,065	9,413
I. H. C. Reserve	..	..	4,300
Dental Officers	7	18	26
Nursing Sisters	91	267	279

3. As regards establishment charges, it is stated that the increase in cost has been from about Rs. 80 lakhs in 1913-14 to 1,60 lakhs at the present day. The increase of 80 lakhs is mainly due to increases in the general scales of pay and allowances and the increases in staff.

4. The Committee are particularly impressed by the heavy increase in expenditure on the Medical Services since 1914. It has been suggested that the findings of the Mesopotamia Enquiry have contributed largely to this increase and, if so, it is necessary to keep in mind that, as the Committee understand the position, the chief purpose of the Army in India is not participation in foreign wars, but the defence of India against foreign

aggression and the maintenance of internal peace. While the results of improved medical supervision are fully recognised, the Committee feel on the evidence at present before them that in the present financial crisis the country cannot afford such high standards and that the medical services must share in the general retrenchment of expenditure. They would therefore ask the medical authorities to consider whether it is not possible to effect a considerable and early reduction in the present scale of expenditure and in particular to examine the points suggested in the following questions :—

(1) Would it not be possible to substitute for some portion of the R. A. M. C. and I. M. S. officers of the Assistant Surgeon class to perform the duties of the former ? Would it be possible to effect economy by substituting a smaller number of the Assistant Surgeon class for a larger number of the Sub-Assistant class, the Assistant Surgeon class being re-modelled if necessary ?

(2) How many of the officers now serving are on a temporary basis and what are the usual terms of such service ? If the temporary officers are not included what are their numbers ?

(3) As regards British Other Ranks costing about Rs. 7 lakhs, who did not exist in 1913-14 as a separate branch, should not these be replaced by a cheaper service of Indian (including Anglo-Indian) origin ? What does the training of these B. O. Rs. cost ?

(4) Is the number of officers fixed in a definite proportion to the number of troops ? If so, what is the corresponding percentage in the United Kingdom ?

(5) Why is it necessary to employ such a large number of European nursing sisters ? Could not these be replaced at a considerable saving by nurses of Indian including Anglo-Indian origin and training ? What are the pay and allowances of European Sisters and what other emoluments or concessions do they enjoy.

(6) What is the financial effect of the Lee Concession as regards (*a*) overseas pay and (*b*) sea passage allowances in the case of the medical services.

(7) The Inchcape Committee noted that British Hospitals were then not used to a quarter of their capacity and Indian hospitals only to about one-third of their capacity. They recommended closing down hospitals whose retention has not been justified and a substantial reduction in the number of beds. It would appear that some reduction has been effected but the Committee are not satisfied on present evidence that sufficient has been done in these respects and desire to be furnished with further information in reply to the detailed questions in Annexure A.

(8) Is any estimate possible of the present total expenditure on provisions, clothing and diets ? How is the scale of bedding and clothing fixed for each hospital *e.g.*, is full equipment maintained for each bed ? What steps can be taken to reduce this expenditure by adoption of lower scales of diet and equipment ?

(9) As regards the Indian hospital corps, what rates of pay and concessions are given as compared with corresponding ranks in the fighting services and if the rates are higher, what is the reason ?

(10) As regards hospital recoveries, what is the scale of charges made and could not these be increased ? Are special recoveries made for treatment by specialists (see question 13). Under what conditions do (*a*) officers, (*b*) other ranks, (*c*) officers' families, (*d*) the families of other ranks, (e) retired officers, get free medical attendance and free hospital accommodation ?

(11) As regards Dental Officers, what are the present numbers and why has there been so large an increase since the Inchcape Committee ? (On page 139 of Army Estimates the numbers are given as 35 ; on Statement B before the Committee as 26.) Are any of these officers Indians ? Is this expenditure on this staff lower than the cost of contract work by civilian dentists ?

(12) The Committee note that about Rs. 5 lakhs is the estimated expenditure on preparation for war over and above peace requirements. In the present times should not some further risk be undertaken and this expenditure be eliminated ? On what basis is the estimate of 5 lakhs arrived at ?

(13) What allowances are paid to specialist officers over and above their regular pay ? The Committee note that 91 such officers are employed. What duties do they perform ?

(14) The Committee note that 45 officers are included in the organisation of the Pathological and Hygiene services. Do these officers receive special rates of pay and could not economy be effected by reduction of numbers by combination of areas or of duties. How far are the results of these officers' work and research made available for the use of the country as a whole ?

(15) In present times cannot a larger risk be taken by reduction of the number and equipment of field medical units ? What is the number of motor ambulances in use and in reserve ? Cannot a saving be made by arranging for improvisation in war ?

(16) The Committee note that the value of medical stores held amounted to nearly Rs. 36 lakhs in 1930. Does this include both working stocks and mobilisation reserves and, if so, on what basis ? In the present times could not the total amount of stocks be materially reduced.

(17) As regards Medical Colleges and Schools, the Committee observe that it may be possible to recruit Sub-Assistant Surgeons directly. They would like to know whether steps will be taken to carry this into effect and what will be the ultimate saving. They do not understand why the same policy should not apply to Military Assistant Surgeons.

(18) As regards medical stores depots, the Committee would like to know whether it would not be possible to abolish one or more of the depots and thus save overhead expenses. They also desire to be furnished with further information asked for in Annexure B.

(19) The Committee note that the depots apparently show a very small margin of profit. Should not prices to non-military customers be increased to give a better return ? Do the railways use the depots for their full requirements ? Is expansion of business possible in other directions ?

(20) As regards the I. H. C. the Committee note that it is proposed to increase the rates of pay and would like to know what this is likely to cost and whether such further expenditure should not be avoided at the present time. As regards the reservists, could not economy be secured by reducing the periods of training and would it not be possible by increasing the reserve to reduce the number of serving soldiers ? Could more use be made of V. A. D. and similar civilian organizations ?

(21) They observe that Rs. 12½ lakhs are proposed for expenditure on hospital buildings. They would like to know whether all further building could not cease until financial conditions improve. In this connection they would like to know whether there is a settled programme and, if so what has been accomplished and what remains to be done.

(22) Has effect been given to the scheme for increase of pay of Assistant Surgeons (page 139 Army Budget) ?

(23) What is the percentage of expenditure on medical services in the Indian Army compared with that of the French Army in North Africa and the British Army in Egypt ? What is the cost of the medical services in France and Italy ?

ANNEXURE A.

The Committee would like to have the following details for each military hospital at the headquarters of Districts and Brigades :—

(1) The number of (*a*) fighting troops, (*b*) non-fighting troops and (*c*) other persons ordinarily served by each hospital and the lowest and highest number during each of the periods—

1st half of 1930,

2nd half of 1930,

1st half of 1931.

(2) The number of patients treated at each hospital (in-patients and out-patients if any separately) showing the highest and the lowest number on any days in the years 1928, 1929, 1930 and 1st half of 1931 and the daily average for each year and each quarter.

(3) The number of beds provided in each hospital.

[*N.B.*—In the case of (1), (2) and (3) officers, men and families should be shown separately.]

(4) The sanctioned strength of staff and existing strength for each hospital under the following heads :—

(*i*) Officers.

(*ii*) Assistant Surgeons and Sub-Assistant Surgeons.

(*iii*) Matrons and Nurses.

(*iv*) Nursing Orderlies.

In the case of officers, distinction should be made between European and Indian officers and in others between Europeans, Anglo-Indians and Indians.

(5) The total annual cost of each hospital for the last 3 years under the following heads if possible :—

(*a*) Establishment—(1) Officers, (2) Others and (3) Menials.

(*b*) Equipment, *.g.*, surgical instruments, etc.

(*c*) Medicines, drugs, bandages, etc.

(*d*) Diet of (1) patients and (2) establishment.

(*e*) Clothing.

(*f*) Cost of dispensaries attached to units.

(6) The original cost of discarded articles disposed of and the amount realised.

What agency is employed for discarding medical stores as unserviceable. Are such stores disposed of locally or sent considerable distances to central depots before disposal ?

(7) In each case what economies could, in the opinion of the principal officer in charge, be effected ? Have the officers in charge of hospital sufficient financial powers to avoid unnecessary correspondence ? Could the officer in charge of the hospital be relieved of any administrative duties ?

(8) Where British and Indian troops are stationed together, how far are amalgamations of hospitals already in force. At what stations are there still separate hospitals : to what extent can amalgamation be effected at such stations.

ANNEXURE B.

Medical Stores Depots.

(1) What are the methods of purchase of (*a*) local (*b*) imported stores ?

To what extent can instruments be manufactured at Medical Store Depots ?

(2) Are open tenders invited for stores and by whom are tender forms issued and accepted ?

(3) What is the volume of receipts and issues in a year at each depot ?

(4) What is the proportionate value of imported and local stores, respectively, purchased in a year and the proportionate value of departmentally manufactured stores ?

(5) What is the proportion of issues to military and civil consumers respectively ?

(6) How are issue prices fixed for (*a*) military (*b*) non-military consumers ?

(7) In calculating requirements for purchases is regard paid to the quantity or to the cost of previous annual issues ?

(8) What are the limits of powers of write-off possessed by the O. C. Medical Stores depot ? In what cases is a Board of enquiry necessary before write-off ?

(9) By what agency are imported stores brought to India ? Could economy be effected in sea freight of such stores by arrangements for packing and despatch in larger quantities ?

(10) What has been the total loss of stock in the depots during the last three years by deterioration or otherwise ? Are there any obsolete stores now in stock ?

MILITARY ACCOUNTS OFFICES.

(Estimates page 144.)

The Committee are greatly impressed by the large increase in numbers and expenditure since 1914 and note that officers of the subordinate service have increased from 25 to 101 while accountants and clerks have increased from 1,956 to 4,483. The total cost has also risen from Rs. 30 lakhs to over 1,10 lakhs at the present day.

They understand that of the total increase the following are due to additional work transferred to the Department since 1913-14 :—

	Lakhs.
(*a*) M. E. S.	17
Factories	
R. I. M.	
R A. F.	
(*b*) Unit pay accounts	11
(*c*) Priced store accounts	9
Total ..	37

The Committee would like information on the following points—

(1) How far are the additions noted at (*a*) or (*b*) above merely a transfer of existing work and establishment and how far has additional work been undertaken ? Would there be any saving by reversion to the old methods ? Can an estimate be given of the cost involved in the old system under which the M. E. S., Factories and R. I. M. respectively were kept, and if increased expenditure is involved in the present system is there a commensurate increase in efficiency ?

(2) Has there been any decrease in R. I. M. activities since the accounts were taken over. If so, has there been any corresponding decrease in the accounts and accountant staff ?

(3) Would a reduction in the volume of military works result in a corresponding reduction in accounts staff ?

(4) As regards unit accountants could economy be effected by centralisation ? The Committee would like evidence on the merits of the present system from the military authorities, and as to how it compares with the old system as regards economy and efficiency.

(5) What saving approximately would be effected by the abolition of priced store accounts allowing for the minimum additional work necessary in connection with audit ?

(6) Could a saving be secured by simplification of factory accounts ?

(7) The Committee would like to know the extent of audit in the most important classes of expenditure. They would like to be informed of the audit processes in connection with—

(*a*) Officers pay bills.

(*b*) Pay bills of men of regimental units.

(*c*) Travelling allowance Bills.

(*d*) An item of local purchase.

(*e*) An item of central purchase.

Have there been changes in the method of audit since 1914, and if so have the changes resulted in increase of staff ? If the 1914 method was more economical and reasonably efficient what are the grounds for not reverting to it ?

(8) In the case of interdepartmental adjustment such as between the Military Accounts and the Railways, or between the Military Accounts and Post and Telegraph Services what degree of examination of claims takes place and could this be materially relaxed ?

(9) To what extent is information required from the Accounts Department for purposes of control and classification, reviewed from time to time with a view to considering with the branches concerned the possibility of simplification and reduction of work ?

(10) Are any further amalgamations of offices possible in addition to those proposed : in particular is expenditure on separate Marine and R. A. F. offices justifiable ?

(11) To what extenct has outside expert advice been taken regarding the introduction of machines and other labour saving devices into accounts offices ?

(12) Why have Equipment allowance schemes not worked satisfactorily ? Is the failure in any way due to the cost of accounting involved ?

(13) The Committee would like further information regarding the audit of the Army List.

(14) Is the disciplinary action taken in cases of financial irregularity sufficiently deterrent to prevent a recurrence of such irregularity ?

(15) Are the present rates of pay of the Accounts staff, including those of subordinate officers and of accountants, fully justified by the work done and in comparison with the rates paid in similar civil employment—*e.g.*, in banks and firms of standing ?

(16) Why do Military Officers in the Accounts Department draw 200 rupees a month in addition to ordinary rates of pay ?

(17) Why is duty allowance paid to various classes ?

(18) What is the distinction between local and compensatory allowances ? Can both allowances be drawn at one time by the same individual ? How are the allowances fixed ?

(19) Why should officers in the Military Accounts Department receive higher rates of pay than similar officers in the Civil Accounts Department on account of their liability to military service so long as that liability is not enforced ?

(20) How many officers of non-Asiatic domicile have been appointed since 1913 by direct recruitment and how many of Asiatic domicile, and what is the pay of the former compared with that of the latter ?

(21) Out of the total number of officers promoted how many get overseas pay ?

(22) How many Sea passages have in fact been granted since 1923 to officers promoted to the superior service ?

(23) What is the financial effect of extending the Lee concessions to the Military Accounts Department ?

(24) What is the standard of the Subordinate Accounts Service Examination ? Can the general standard of qualifications in the service be raised with resultant increase in efficiency and consequential economy ?

(25) How are the scales of work laid down for the clerks in the Department, arrived at ?

(26) What are the working hours in the Military Accounts Department ? Could they be increased ? Is there a system of overtime in the Department ?

(27) What is the average annual intake of recruits into the Department ?

(28) What would be the effect on the work of the Department of a 10% reduction in all ranks of staff, and what the effect of a reduction in expenditure of Rs. 20 lakhs ?

(29) The Committee agree with the suggestion regarding leave reserve in paragraph (2) of Appendix VI of the Memorandum on Military Accounts and think it is a matter in which early action should be taken.

MILITARY FINANCE.

The Committee at their meeting on the morning of the 14th July 1931 considered the Memoranda on Military Finance and part of the memoranda on Army accounts. They decided on the following questionnaire regarding Military Finance :—

(1) Why should not Military Accounts be under the control of the Auditor General on the same lines as civil accounts ?

(2) What is the staff of the Financial Adviser and what are the rates of pay ? What economies in staff has the Financial Adviser proposed ?

(3) Would it not strengthen financial control if greater continuity of office were secured in the case of the Financial Adviser ?

(4) Why is it necessary that the Deputy Financial Advisers should have the rank of Deputy Secretary ? Would it not suffice to have Assistant Financial Advisers in place of the present Deputy Financial Advisers ?

(5) Apart from the control of new expenditure, what real effective control is exercised by the Financial Adviser and his officers over the day to day expenditure on standing charges ?

(6) The Committee note that the number of references to the Financial Adviser's Department amounts to 1,300 a week. They would like to know whether this number could not be substantially reduced by giving larger powers to Controllers and others.

(7) Could not regulations be greatly simplified with the result of decrease in work ?

(8) Could not economy be secured by greater decentralization and by the grant of increased financial powers to local military authorities down to unit commanders ?

(9) How far has increased expenditure resulted from policies dictated by His Majesty's Government ?

(10) How far are policies once accepted reviewed by Government from time to time ?

(11) What actual control is exercised by the Governor General in Council over military expenditure ?

(12) How far has the policy of bringing the Army on to modern lines been modified to meet the existing financial stringency and how far can it be so modified ?

(13) Has any attempt been made to revise the contract budget figure taking into account the standard of efficiency already attained and the present financial stringency ?

(14) The Committee would like to have the views of the military authorities on the merits and demerits of a stabilized budget.

(15) Could the principle of a stabilized budget be extended to lower formations down to and including units ?

(16) Is the form of Army estimates capable of simplification without reducing the usefulness of the information given and without such alteration as would invalidate comparison with previous years ?

ECCLESIASTICAL.

(*Estimates page 154.*)

(1) What are the approximate numbers of all the various denominations of British troops stationed in India ?

(2) Are the appointments of the R. C., Wesleyan and United Board Chaplains full time ? Do they also minister to the civil population ?

(3) On what basis have the stipends of the various ministers of the three denominations referred to above been fixed ?

(4) What is the justification for payment of a composition fee for sittings in addition to capitation payments and permanent salaries ?

(5) What limitation is imposed on the travelling performed by chaplains ?

CANTONMENTS.

(*Estimates page 156.*)

1. What are the arrangements for supply of water in cantonments ? How is the cost calculated ? Who are entitled consumers and with whom does the decision as to entitle-

ment rest ? What rates are charged to non-entitlted consumers ? What steps are taken by meter or otherwise to regulate the waste of water ?

(2) Why are the rates of taxation in cantonments a matter for the decision of Local Governments when the cost of cantonments falls on military estimates ?

(3) Are the figures contained in the note submitted to the Committee, relating to the rate of taxation in cantonments and muncipalities respectively, based on the incidence of taxation per head or on the actual rate of taxation ?

(4) What are the heads of taxation in a cantonment and how do rates under each head compare with those in force in neighbouring municipalities ?

(5) Is not the standard of administration in cantonments generally speaking considerably higher than in ordinary municipalities ? If so, what is the justification for charging in any case a lower rate of tax than the neighbouring municipalities impose ? Approximately what additional revenue would be obtained if all the taxes in cantonments, which are at present lower than those of the neighbouring municipalities, were brought up to the municipalities, rate ?

(6) In what cases, if any, has a Local Government refused to sanction the rate of taxation recommended by a Cantonment Board ?

(7) What is the total cost of cantonments to the Army under various heads ?

(8) The Committee would like to see the budget estimates of three representative cantonments, *e.g.*, Rawalpindi, Poona and Allahabad or Karachi.

(9) The Committee understand that a great deal of the revenue of cantonments is derived from payments made from Army estimates for conservancy and other services. On what are these payments based ?

(10) What is the income from land composed of ? Is it a recurring receipt ?

(11) What are the duties of the Military Estate Officers ? What are their rates of pay and other emoluments and what is their total cost ?

(12) What are the rates of pay for executive and inspecting officers ? What is the revenue, apart from Government grants, of the cantonments in which they are serving ? Could not a more economical civil agency be employed or retired officers ?

(13) What are the duties of inspecting officers and why is it necessary to appoint assistants who act for them while they are away on inspection ? If administrative duties are involved, why should such duties not be entrusted to Command staffs ?

(14) Why cannot the position of President of the Secunderabad Cantonment be undertaken by a more junior or a retired officer ? The Committee will ask that no decision should be taken on extending this kind of arrangement elsewhere until they have had an opportunity of expressing an opinion on the subject.

(15) As regards the Director at Headquarters, cannot cantonment administration be finally delegated to Commands ?

(16) What are the pay and emoluments of the Director at headquarters ?

INSPECTION (*page 158 Army Estimates*).

(1) What is the total staff, by grades, employed under the various Inspectors of Stores and Clothing, Warlike Stores and Chemicals ? What are the rates of pay and total cost of each inspectorate ?

(2) To what extent are Indians employed in various grades in these departments, and what programme of extension of such employment is in contemplation ?

(3) What is the percentage of inspection of (*a*) stores produced in Army Factories (*b*) stores purchased from the trade ? Is no reduction in the percentage of inspection possible ?

(4) In the case of stores produced in Army Factories, what is the extent of inspection in the factories by factory staff ? Can no reduction be made in the total amount of in

spection of stores produced in Army Factories at present carried out by the factory staff and the inspection staff ?

(5) What is the percentage of rejections (in representative cases) of articles produced by the factories and purchased from the trade respectively ?

(6) Who inspects articles supplied (*a*) through the Indian Stores Department (*b*) through the Stores Department in London ? If there is any Army inspection what is the percentage of rejection in such cases ?

(7) Would it be possible and economical to employ the Inspectors of the Indian Stores Department for the inspection of all army stores except lethal weapons ? In any case would this not be possible at places where inspectorates of the Indian Stores Department already exist, *e.g.*, Calcutta ? What co-ordination now exists between the inspectorates of the two departments and to what extent can it be extended with economy ?

(8) The Committee observe that the cost of Ordnance Inspection shown on page 158 of Army Estimates is over Rs. 15 lakhs. This appears to be high : is no reduction possible ? How far is it justified by results ?

(9) As regards inspection of stores in the hands of troops, is the inspection hundred per cent. annually and is it performed by the Inspection Department, the I. O. D. or both ? How in the case of small arms does this compare with the inspection carried out in England of small arms in possession of British units ? To what extent can inspection of stores in the hands of troops be minimized ?

(10) Is there any Inspection staff employed by the Railways to deal with stores of a similar character to any of those purchased by the Army ? If so, what co-ordination with that staff is possible ?

(11) Why should not the staff of the Inspection departments be completely demilitarized ?

MISCELLANEOUS SERVICES UNDER THE ADJUTANT GENERAL.

Cost of anti-*malarial measures.* (*Page 166, Army Estimates.*)—Do these measures extend to houses in cantonments or are they confined to barracks, hospitals, etc ? What is the programme of new works ?

Rest Camps, Rs. 29,000. (*Page 166, Army Estimates.*—(1) It is noted that three British soldiers are employed. Could their places be taken by Indian soldiers or pensioners with economy ?

(2) Are these camps open throughout the year : in what months are they used ?

(3) Why are so many follwers required and what are their duties ? How many are there in each camp ?

Miscellaneous Donations to Institutions, etc. (*Page 166, Army Estimates.*)—What is the basis of these payments ? Is no reduction possible ?

Hill Depots and Sanitoria Rs. 1,84,000. (*Page 162, Army Estimates.*)—(1) Can an estimate be given of the total annual cost of the policy of maintaining these institutions including, *e.g.*, transportation conservancy, etc. ? Would it not be possible to modify the policy with a view to economy ?

(2) Under what system are men and families sent to the hills and who are entitled to the concession ?

(3) Is full use made of Army transport for the purpose ?

(4) Do the personnel of these establishments remain on regimental strength ? If not, could not pensioners be employed with advantage in lieu of serving soldiers ?

Recruiting staff Rs. 3,39,800. (*Page 160, Army Estimates.*)—(1) As regards seconded officers, would it not be economical to employ Indian or retired officers ? If serving British officers continue to be employed, could not officers of lesser rank be employed economically ? As regards other ranks, if these are not borne on regimental establishments, would it not be economical to employ pensioners ?

(2) Would there be economy in reverting to a policy of recruiting through regiments ?

(3) Would there be economy in amalgamating any of the centres, *e.g.*, Delhi and Ajmere ?

(4) What is the system of recruiting Gurkha regiments ? Could not recruits be raised locally from the sons of serving Gurkha soldiers ?

(5) Are any rewards paid to recruiters ? If so, at what rates ?

(6) What is the total annual intake of recruits ? Is there any difficulty in obtaining the requisite numbers ?

(7) What is the cost of recruiting staff for each recruit raised ?

(8) What payments are made to men before final attestation and what is the average time taken from the time when a recruit offers himself to the date of final attestation ?

(9) What is the percentage of immediate rejections of recruits who offer themselves ? What is the percentage of rejections of those provisionally accepted but rejected before final attestation ?

Prisons and Detention Barracks Rs. 1,29,910. (*Page 164, Army Estimates*).—(1) What is (*a*) the daily average (*b*) the maximum number of men confined in each prison and detention barrack during the last three years and what the accommodation and, if possible, what is the cost a head for each prisoner or soldier detained ?

(2) Are the detention barracks in Burma under construction ?

(3) What limit of sentence, if any, determined whether a soldier sentenced to detention shall be sent to a detention barrack ? Could not that limit be extended ?

(4) Why has the number of staff increased from 15 to 34 as shown on page 164 of Army Estimates ?

(5) What is the military rank of the Director ? What are his functions ? Would it not be economical to employ a retired officer ?

(6) Would it be possible and economical to employ pensioners instead of serving soldiers ?

(7) Could not the policy of replacing British soldiers by Indian clerks be carried further ?

(8) Can any steps be taken to secure more employment for prisoners on such work a sack mending, etc.? Is full use made by Army departments, *e.g.*, I. A. S. C. of such work as prisoners can produce ?

Vocational Training. (*Page 166; Army Estimates*).—(1) Is it essential to maintain two full time officers on these duties : could not retired officers if necessary be economically employed ?

(2) What is the justification for India bearing the cost of training from which in the end she does not derive benefit ? Is there any vocational training for Indian troops ?

(3) Are the men sent on vocational training to England replaced in India during their period of service ?

(4) How many men given vocational training (*a*) in England, (*b*) in India take up civil employment connected with the Army in India subsequently ?

(5) What steps are taken to ensure that adequate training is derived by soldiers attached to private firms ?

Followers.—(1) What is the total number of followers attached to (1) fighting units (2) ancillary units and establishments.

(2) It is stated that among the followers are tailors and bootmakers. On what scale are these provided ? Are they provided for British units ? What are their total numbers ?

(3) What are the functions of bootmakers and shoemakers in peace ? The ordinary repair work of men's clothes and shoes is presumably paid for out of clothing allowance. If so, are the regimental tailors and shoemakers employed at all on this work, and do they receive pay from the men ? If there is work in peace of the tailoring, shoe-making variety to be done at the public expense, could it not be more cheaply done by contract or outside bootmakers and tailors, or alternatively could not tailors and bootmakers be collected, at large stations, into Ordnance Shops, with economies resultant from centralisation ?

(4) If tailors and bootmakers are retained in peace solely because they are wanted on emergency, would it not be possible to provide for them either (*a*) on a reserve basis, or (*b*) by retaining only sufficient for the units required to "mobilize" at once? And in that case, as the units would not always be the same, could the necessary numbers be kept in peace in Ordnance Workshops and despatched as required to units, or alternatively be ordnance personnel attached to particular units in peace and transferred from one unit to another as the units passed from the category of frontier to security troops.

(5) Are dhobies included among followers? If so, what are their functions?

(6) Is it necessary to have blacksmiths and saddlers attached to individual units? Could they not be centralised at least in the larger stations?

(7) Has any conclusion as to the total number of followers yet been reached? Is it impossible to obtain water carriers on mobilization? Is any other class of follower maintained in the same way mainly for mobilization purposes?

(8) Are any emoluments (*e.g.*, clothing) drawn by followers other than pay and ration allowances?

(9) In actual practice are followers fed free by units in addition to drawing an allowance for ration?

(10) Are any reserve stocks maintained in order to supply followers on mobilzation?

PRIZES FOR SKILL AT ARMS AND CONTRACT AND MISCELLANEOUS ALLOWANCES.

(*Page 30—Army Estimates*).

Charpoy Allowances	Could not this be rolled up with kit allowance? How much is it?
Maintenance of typewriters	What does this cover? And what is the amount?
Mess Allowance	Do. do.
Band Allowance	Do. do.
Allowance for cooking and crockery, Extra Mess Allowance.	Do. do
Allowance to supplement lead Fund ..	What does this cover? And what is the amount?
The various stationery allowances ..	Are these all for different units? Or are any applicable to the same unit? If the latter, why separate allowances?
Bonus for teaching a trade to a soldier ..	To whom is this given? Is it part of the vocational training scheme? And does the soldier contribute?
Fees for defence of soldiers tried in Civil Courts.	Under what circumstances are these allowed?
School fees to N. C. O.'s children ..	What are these and in what circumstances are they granted?
Charges on account of making, completing and fitting clothing.	What clothing is made regimentally? What fitting and completing charges are involved and to whom are they paid?
Maintenance of soldiers, gardens ..	What is this?
Maintenance to insanes	Does this continue after discharge?
Packing charges of Reservists kit ..	What is this?

Generally it would be desirable if some verbal evidence could be given on all these items of miscellaneous expenditure. Have the rates been considered in the light of decreased

prices ? In view of the heavy total to which these individual allowances and other items of expenditure amount, the Committee consider that each should be individually reviewed with the object of effecting a substantial reduction in total.

Reservists.—Would it be possible to reduce the period of training for either class of reservists (it is noted that the obligation to undergo periodical training is one of the causes of the unpopularity of the reserve).

Reserve of Officers.—What are the numbers by arms of the service ? What is the retaining fee and during the last five years on how many occasions have officers of the Reserve of Officers been called up for service ? Could this reserve not be reduced ?

What is the basis of the grants to institutions, etc., under Minor Head (1) Miscellaneous ? Is no reduction possible ?

KIT AND CLOTHING ALLOWANCE.

1. What is the scale of clothing and necessaries for a British Infantry soldier ? What lives are assigned to the various articles for British and Infantry soldiers respectively ?

2. Do reasons still exist for not making a percentage cut in the case of British soldiers' allowance such as was made in that of Indian soldiers ?

3. The Committee would like to have rather fuller information than the note contains about the financial arrangements regarding the supply of khaki drill clothing to British troops on posting to India ?

4. As regards the mufti allowance granted to Indian soldiers, why should the State make any provision for mufti clothing ? If it must be retained, would it be more economical to issue in kind and would the manufacture of such mufti be of advantage to the economical working of the clothing factory and would the provision of foot-wear in kind also ease the position as regards the contract for foot-wear ? When was the allowance last revised and reduced ? How is it calculated ?

5. Are steps taken periodically to estimate the profit which both British and Indian troops appear to make out of their kit and clothing allowances ?

6. What percentage of the clothing allowance returns to the State in payment for articles from Ordnance Stores ? If possible this figure should be given by Arsenals and Depots.

7. The Committee would like to have the average annual issues other than to recruits during the last three years of ankle boots and khaki drill uniform. If possible, they would like to have the issues from say, (*a*) the Kirkee Arsenal, (*b*) the Rawalpindi Arsenal separately.

8. It appears from the note that replacements out of the clothing allowances are not by any means made solely by purchase from Ordnance : if this is so, in what way are average annual issues taken as the measures of the life of various articles ?

9. Are there any cases in which chaplis, etc., could be economically substituted for boots ?

10. In view of the fact that prices have fallen since 1930 ought not the allowance to be reviewed without delay and would it not be advantageous to have an annual review ?

11. It is stated that troops are required to obtain their replacements from Ordnance but apparently do not do so to the full extent. Is this due to the fact that both the rates of issue and the allowance based on those rates are too high ?

12. What are the scales of free issues of warm clothing at cold stations ? What are the stations ? And are the issues returned to store at the end of the cold weather ?

13. How long has the great coat scheme been in force and are there any statistics to show that it has been a success ?

14. Does the great coat scheme apply to British as well as Indian troops ? If not, what is the system as regards British troops ? Does the scheme take into account service in stations where great coats are very seldomworn ? Can figures be given showing the

condemnation of great coats under the scheme in any infantry unit which has been stationed for 3 years or more in Calcutta, Allahabad or Bangalore and any infantry unit stationed for a similar period in Lahore or Rawalpindi ?

15. Why is the life of the great coat fixed at 5 years ? What is the life fixed in England and is the pattern the same ?

16. Is the great coat the same pattern and the same weight for all stations ? Is it necessary for all stations ? Would it be possible and economical to have different patterns and weights at different stations ?

17. Do the Auxiliary and Territorial forces and the University Training Corps receive great coats, and if so, what scheme applies to them ?

18. Would it not be economical to treat blankets and durries as public clothing ?

19. Do follows receive free issues of any foot-wear or clothing ? If so, what. Could the issues, if any, be made from articles which may be considered unserviceable for fighting troops.

20. What is the outfit allowance, if any, given to officers of the British and Indian Services, to nurses and to school mistresses ?

Military Farms Department: Grass Farms.

(Estimates, Page 188).

The charges in the estimates are as follows :—

India	66,19,000
England	41,000
	66,60,000
Less receipts	4,10,000
	62,50,000

The staff is stated to be as follows :—

Officers	13
British Managers	49
British Students	5
Indian Overseers	90
Clerks	123

As regards officers, it is stated in the administration report for 1929-30 that the total number is 19 of whom 2 are at Army Headquarters. The discrepancy may kindly be explained.

The Committee would like to have information on the following points :—

(1) It is observed that the control of grass farms is being delegated to Commands saving Rs. 75,000. Can any further economies be made in the present financial crisis ?

(2) How are the officers distributed and what are their duties and those of the Director at Army Headquarters ?

(3) Who are the British students and on what terms are they appointed ?

(4) Is it necessary to have so many British Managers ? Could not less expensive Indian agency be employed ? What are the terms of employment of these Managers ? How are they recruited and with what qualifications ? If engaged on contract when do terms expire ?

(5) It is observed from the latest trading account that there was a net loss of Rs. 24,000 stated to be due to low rates of payment issues. To whom are these issues made and why have receipts fallen in recent years ? How are prices of issue calculated ? Can they be increased ?

(6) How far has it been possible or will it be possible to close grass farms and reduce production and purchase of fodder as a result of mechanisation ?

(7) Was it ever considered whether the farms could be let out to contract for a guaranteed supply ?

(8) Could not farms undertake more extensively the supply of vegetables to troops ?

(9) What stocks are held at present ? Is it necessary to maintain a Farm Reserve as well as a mobilisation reserve ?

(10) It is noted that the cost of fodder produced is cheaper than purchased fodder. Are the two classes of the same quality ? What are the quantities of bhoosa and hay produced and purchased and what is the relative food value of each ?

(11) Are grass farms as near as possible to the main consuming stations and are any uneconomically situated owing to cost of transport ?

(12) With reference to page 25 of Administration Report, why do production rates vary so much (page 29). Why is the general supply rate so high at Quetta and Bannu and fodder losses also so high at these places (page 34) ?

(13) Why are I. A. S. C. purchases so high in Lucknow and Peshawar circles ? (page 27).

(14) What are the present purchase and production rates and how are latter rates calculated ? What arrangements are in force for purchase of fodder ?

(15) What are the miscellaneous charges of about Rs. 6 lakhs shewn on page 188 of the Estimates ?

(16) How far can capital expenditure be eliminated at the present time ?

(17) What is the cost of Lee concessions and sea passages ? Are there any special allowance given in addition to pay ?

Dairy Farms.

(Estimates, Page 190.)

The following is the expenditure shewn in the estimates —

	Rs.
In India	33,05,000
In England	68,000
	33,73,000
Less Receipts	27,10,000
Net ..	6,63,000

The following is the staff at present maintained :—

Officers	4
British Managers	23
Indian Managers	3
Supervisors, etc.	62
Apprentices	74
Clerks	88

The Committee would like information on the following :—

(1) Could not the process of Indianisation be expedited with economy ? On what terms are British Managers employed ? How many have been engaged locally and how many recruited from England ?

(2) What are the rates of pay of British and Indian Managers respectively ? Do they or any of the staff get free quarters ?

(3) What are the duties of the officers connected with this Department ? Could not the administration be delegated to Commands ?

(4) What are the arrangements for supply of dairy produce by contract and how do prices paid compare with the produced article ? What is the total expenditure on such purchases ?

(5) To whom is dairy produce supplied (*a*) free and (*b*) on payment ? Is it supplied to non-military customers ? How do prices charged compare with prices of dairy produce prepared on modern lines in selected centres ? What customers purchase wholesale and do they get special terms ?

(6) Has it been considered whether these dairies could economically be handed over to commercial firms on a contract to supply graded produce ? Could economy be effected by the purchase of milk from contractors, the Army maintaining only pasteurising establishment.

(7) How is the difference between expenditure (33 lakhs) and cash receipts (27 lakhs) accounted for ?

(8) What proportion of the troops is served by Dairy Farms ?

(9) On what are rail charges for Dairy Farms incurred ?

(10) What farms are run at a loss and what are the causes ? Should not such farms be closed down ?

(11) Cannot prices be raised ? Why are prices charged to " families " lower than those charged to troops etc. ? What are included in the term " families " ?

(12) It is observed that there is a considerable annual capital outlay on replacements. How far can this be eliminated while the present financial crisis continues ? On what purposes is such outlay incurred ?

AUXILIARY AND TERRITORIAL FORCES.

(*Estimates, Page 286*).

(1) How is the permanent staff of (*a*) the Auxiliary Force (*b*) the Territorial Force (*c*) the U. T. C. fixed ? Is regard paid to special local conditions in this respect ? How far is training carried out solely by the permanent staff and how far by the officers of the units ?

(2) What are the duties of the officers of the permanent staffs and in particular the duties of the Indian officers on the staff of Provincial Territorial Battalions ?

(3) What is the rank of officers on the permanent staff of Provincial Territorial Battalions ? Is it necessary to employ Lt.-Colonels on these staffs ? Could not command of the Battalions be taken by an officer of the unit or by a regular officer of more junior rank ?

(4) Could not Indian officers be employed to a greater extent with good results ? Would it be conducive to economy and efficiency to substitute in any case for British Sergeant instructors Indian N. C. Os. or *ex*-N. C. Os. ?

(5) Is there no possibility of reduction in the permanent staffs of the Auxiliary and Territorial forces ? In particular is it essential to have both a Sergeant-Major and an A. Q. M. S. in each unit ?

(6) What scale of clerical assistance is given and could this scale be reduced ?

(7) On what basis are stocks of stores maintained by units ? Could these be reduced In particular are hose and puttees issued to the same units ?

(8) What allowances are given for contract, contingent and special expenditure ?

(9) What training is carried out by the respective forces annually ? Could the periods be reduced to secure economy in the present financial position ?

(10) What pay, allowances, or other emoluments are drawn by officers and men (*a*) during training and (*b*) outside the training periods ?

(11) Do the units other than infantry justify the expense of their maintenance ? Particularly what is the need for medical, veterinary and searchlight units ?

(12) What use has been made during the past five years of (*a*) Auxiliary (*b*) Territorial (*c*) U. T. C. units ?

(13) With reference to sub-paragraph (*v*) of paragraph 4 of the Branch note, please indicate what drastic reductions could be made if military considerations were alone taken into account.

(14) Can the military authorities suggest any scheme for obtaining greater efficiency for the money spent ?

(15) What use has been made during the last three years of the special Rs. 10 lakhs ear marked for expenditure on the development of the Territorial Force ?

(16) Is there any programme of capital expenditure on stores and works for these forces and what reduction in such expenditure is possible in the present and ensuing years.

ROYAL AIR FORCE.

(*Estimates, Page 296*).

1. The Committee would like to know the functions of the R. A. F. in India and upon what policy the standard of equipment and training is based.

2. What was the original object of the institution of the Royal Air Force in India. Did that object include the reduction of the Army ? If so, has any reduction in fact resulted from the expansion of the Royal Air Force.

3. Is the Royal Air Force intended in any way for internal security purposes ?

4. Is the employment of the Royal Air Force in India still in an experimental stage ?

5. What were the recommendations of the Salmond Committee as to the strength of the Royal Air Force and have they been worked to ? If the Salmond Committee recommendations have been exceeded, to what extent and on what grounds ?

6. Is there any programme of expansion of the R. A. F. in contemplation ?

7. When was the capitation rate introduced, and what is the present position of the question ? How many air officers and airmen are sent to India annually ?

8. What is the scale of flying hours now in force ? If the scale were reduced by half while the present financial crisis continues, what savings would result in consumption of fuel, oil, stores, overhauls and replacements ?

9. The Committee observe that it is stated that the normal tour of duty in India for officers and men is five years. They would like to know the average of officers and men returned during the last year and the lowest service in each case.

10. They would like to have details of the staff of officers and men at R. A. F. Headquarters and at the headquarters of groups and wings and of their duties. What is the need for Headquarters at Simla ? It is noted that throughout the Force there are 381 clerks and civilians. How many are Indians ? Is any reduction possible ?

11. The Committee note that the Depôt costs about Rs. 18 lakhs and the park over 4 lakhs. They would like to have details of the staff employed in these formations.

12. What is the justification for the maintenance of a Park at Lahore as well as a Depôt at Karachi ? Does this not involve duplication of work ?

13. How far does the repair section in the Depôt work up to full load ? What is the cost of complete overhauls of engines at the present time ? Are any sent Home for overhaul and if so, what is the average cost ?

14. Why should not all repairs of motor transport and work on motor bodies be entrusted to the Army formations ? Has this question recently been considered in conjunction with the Army authorities ?

15. What is the total establishment of mechanical transport maintained by the R. A. F. in India, distinguishing those vehicles which are technical and special to the R. A. F. ?

16. The Committee are not quite clear about the quantity of stores maintained in India as described in paragraph 21 of the Memorandum. They will ask for further elucidation in oral evidence. *Prima facie*, the total amount held in all formations appears to be excessive and the Committee will wish to know whether some risk in reserves should not be taken in the present times. In particular, they would like to know the working and mobilization reserves of engines and machines. What was the number of engines written off in the last two years ?

17. On what principle is the stock of bombs based ? What was the greatest value of explosives consumed in any one month during the past three years ? What is the value of bombs written off charge annually (other than those expended in practice). The Committee would like to know how many bombs are in stock, divided according to the years in which they were imported.

18. On what principle is the stock of petrol based ? Is it necessary to maintain such large stocks and what is the annual wastage ? Can any arrangement be made with Petrol Companies to hold stocks for the Force.

19. The Committee would like to know the total value of stores and supplies obtained last year—

(*a*) from Home.

(*b*) through the I. S. D. in India.

(*c*) through Director of Contracts.

(*d*) by local purchase.

They would also like to know whether full use is made of the manufacuring capacity of the Army factories in India.

20. They would like to have in oral evidence further information on the questions raised in paragraphs 25 and 26 of the Memorandum.

21. As regards the clothing allowances, they would like to know the rates for British and Indian personnel. In view of the great fall in prices, they would like to know whether a further revision should not be undertaken. When was the last revision ?

22. As regards works, it is observed that the total expenditure is Rs. 25 lakhs. The Committee would like to know—

(*a*) How far new works can be eliminated next year ?

(*b*) How far works in progress could be suspended or spread over a longer period without undue payment for compensation ?

(*c*) Is there any regular programme of new works for future years ?

(*d*) How far the charges for maintenance can be reduced having regard to the fact that most of the works are of recent construction ? Why does the Chief Engineer require an officer to assist him ?

23. As regards air routes, what co-operation is there with Civil aviation in respect of landing grounds, etc. ?

24. With reference to paragraph 37, the Committee would be glad of further advice as to the directions in which economy can be effected. They have noted an impression that in respect of works generally Air Force standards are more costly than Army standards. They would like to know how far this is so.

25. In regard to the special medical and educational establishments the Committee are not convinced of the necessity for separate establishments apart from those maintained by the Army. If the Air Force cannot depend on Army establishment, could not the Army find economy in using Air Force establishments wherever they exist ?

26. Are children of airmen sent to Army schools where available ? How many children are there in the Air Force schools ?

27. To what extent is the system of educational instruction generally by instructors of the unit in force in the R. A. F. as in the case of the Army ?

28. What is the need of a special Air Force Hill Station ? Under what conditions are airmen and their families sent to the hills and at what cost ?

29. The reasons for two senior medical officers at Army Headquarters appear unconvincing and the Committee would like further information in oral evidence.

30. The Committee would like to have further information as to the reserve pool of officers and what reduction is proposed. Is it necessary to keep two officers at the Staff College ?

31. The Committee observe that there is apparently an Accountant Officer at the Depôt. What are his functions and what his relations with the Deputy Controller of Accounts ?

32. Are priced store accounts kept in the Air Force ? If so, are they on the same basis as in the Army ? What use do they serve ? Could economy be secured by a change of system under which the formations kept their own accounts subject to independent audit of the Military Accountant General ?

33. Are there any Class I followers ? If so, what are their duties ?

34. Lastly, the Committee consider that the financial situation makes it absolutely essential that there should be a material saving in the cost of the R. A. F. for some time to come and they would be glad if the authorities would again consider how such material reductions in expenditure can be secured.

Royal Indian Marine.

(Estimates, Page 342).

(1) The Committee would like a brief statement showing the services rendered during 1930 under (*b*), (*d*) and (*e*) of paragraph 3 of the Memorandum.

(2) The Committee would like a statement showing the distribution of the cadre of officers under each grade. They would also like to know the number of warrant officers, their rates of pay and allowances and the method of and qualifications for appointment. How many are Indians ?

(3) What is the capacity of the dockyard and to what extent is it working up to full load ? Does it do work for the Royal Navy and for other Government institutions and private shipowners or others ? Could the possibility of leasing the yard now be considered ? From what sources is power obtained ? What facilities exist in civilian yards in Bombay suitable for the work now being carried on in the dockyard ?

(4) What are the accounting arrangements regarding the sale proceeds of Kidderpore Dockyard and is there any balance in hand or in prospect ? Is any further capital expenditure from the proceeds contemplated ?

(5) Are there any schemes in contemplation for the further development in the near future of the R. I. M.?

(6) The Committee would like to have oral evidence on the stores position which is not entirely clear in Annexure IV. What is the total volume of stocks in hand and what was the value of the annual consumption during the last 3 years ?

(7) As regards stores, is full use made of the Army Ordnance Department for supply of stores suitable for Marine use ? Are there any articles obtained or which could be obtained from the Ordnance Factories ? So far as direct purchases are made, is there a system of open tender ?

(8) Has there been any detailed review of the incidental and miscellaneous expenditure ? Are any items of this expenditure provided for by fixed allowances ; if so, should not these be revised in view of the fall in prices ?

(9) Is there a system of review of the wages of followers and labourers in the light of market rates ? When was the last review ?

(10) What is the system of issue of rations and clothing to officers and men of the service ? What are the scales ? Are any allowances given in lieu ? If so, please give full details. If clothing is issued in kind, is it obtained from the Army Clothing Factory ?

(11) What are the details of the staff at R. I. M. Headquarters and what are their duties ?

(12) What is the total annual expenditure on repairs to the craft ? How is the annual provision calculated ?

(13) Why is the Marine Survey office located at Coonor ? What is the staff and what duties do they perform ?

(14) The Committee will take further oral evidence as to the origin, nature and necessity of the various allowances shown in Annexure III of the Memorandum.

MILITARY ENGINEER SERVICES.

(Estimates, Page 356).

(1) The Committee note that it is proposed to limit the budget to Rs. 400 lakhs gross and Rs. 354 lakhs net for the future and at the same time to continue amenity, mobilization and other works. They would like to have a clear statement shewing the proposed budget under the heads :—

(*i*) New works (*ii*) Works in progress which are (*a*) definite commitments by contract (*b*) not yet definite commitments (*iii*) maintenance charges (*a*) buildings (*b*) roads (*c*) electrical installations.

(2) What items are included in the overhead charges of 16% showing proportion which each item bears to the total ?

(3) Does not the fixing of schedule rates tend to keep prices up to that limit ? What object does it serve ? How often are the schedule rates revised and when was the last revision ? Could not a system of lump sum contracts be more frequently employed ?

(4) Are all contracts put out to open tender ? What financial scrutiny of contracts exists ? What powers exist to alter terms of the contract without reference to financial authority or to accept tenders other than lowest ? What control, if any, does (*a*) the Headquarter staff (*b*) the Command staff (*c*) the district staff exercise over contracts ?

(5) Are there any cases in which contracts are not put out to open tender ? What rules govern such cases ?

(6) Are there any cases in which maintenance contracts are held by the same contractor for more than a year without review ?

(7) Are there any special conditions applicable to contracts made in the Frontier Province and in the administered area ?

(8) How are production costs for electricity and water fixed ?

(9) The Committee would like to have further oral evidence on the question of water rates and taxes and figures from representative cantonments to illustrate how the loss to Army funds arises. How do the rates and taxes charged compare with those for water supplied by the municipal authority in neighbouring municipalities ?

(10) Would it be possible to devise a programme of metering for points or places where the heaviest losses occur ?

(11) What is the degree of decentralisation to Commands proposed as compared with the present system. What references will still be necessary to Army Headquarters and will

it be possible to make further reductions there when the system is in working order ? Can decentralization be carried still further ?

(12) Can any idea be given of the approximate saving which could be secured by the introduction of the system of accounts advocated having regard to the additional audit which would be necessary ?

(13) How many of the 175 officers on the present cadre of the M. E. S. are required at once on mobilization and subsequently ? How many were employed on field service in the worst operations on the frontier of recent times ?

(14) How far is civil P. W. D. agency already employed and could not the use of this agency be extended with a consequent reduction in the number of R. E. officers ?

(15) What is the number of British subordinates employed and is any programme of Indianisation in force ?

(16) To what extent would it be possible and economical to demilitarize the M. E. S. at any rate in certain areas ?

(17) Are there any reasons why the collection of rents, etc., should be carried out by the M. E. S. rather than by the Accounts Department ?

(18) Could a system of monthly payments to contractors be introduced economically ?

(19) Would it be possible with economy to introduce a system by which payments are made direct to contractors by cheque by the Accounts Department ?

(20) Could any simplification of rules and regulations be advantageously devised ?

(21) Would it be possible with economy to reduce the standards of specification and of the materials used ?

(22) What is the system of payment for inferior accommodation and for deficient scale of furniture and what is the justification for the system ? What saving would be made by its abolition ?

(23) The Committee would like any further suggestions the Department would like to make regarding the possible elimination of any existing posts and also the replacement of existing posts by posts of lower status.

(24) What special allowances, duty or local, are given to personnel of the M. E. S. ?

(25) A copy of certain suggestions made to the Committee is attached. In so far as the points are not covered by previous questions, the Committee would like to have oral evidence on them.

MILITARY ENGINEERING DEPARTMENT.

Points of detail for consideration.

M. E. S. officers in charge of executive offices are over-burdened with office work resulting from the detailed and complicated nature of the numerous Regulations of the Service; Accounts Manuals, Technical Instructions, Standing Orders, etc. Simplification of the Regulations would result in substantial reduction in clerical staff both in executive offices and in the Audit Department and would also enable the engineer to exercise a more thorough supervision over the execution of engineering works which is really his work. This object might best be achieved by a wholesale replacement of the present technical organisation and the procedure generally by a system based on that obtaining in the R. E. Services under the War Office in England, modified to suit Indian conditions. This would have the further advantage that an engineer transferred from the Home Establishment, between which and the Indian establishment there is a constant interchange of officers, would be usefully employed at the outset instead of having to adapt himself to a system of work to which he is entirely unaccustomed.

(2) Some of the directions in which economy may be effected are :—

(1) The adoption or extension of the system of Lump Sum Contracts instead of Measurement Contracts. This ensures the more careful working out of plans and

specifications before the project is actually started. The contractor knows exactly what he has to do and what amount he will receive on the completion of the work. The results to Government are generally much more favourable while the work of preparing detailed estimates and of taking down and checking detailed measurements is almost entirely eliminated.

(2) The transfer to other agency of work connected with (*a*) the allocation and occupation of buildings and (*b*) the recovery of rents, electric light and water charges, etc. Employment of technical staff on this work, once the rents and charges have been assessed, is uneconomical and should be undertaken (*a*) by the Q Services and (*b*) by the Military Accounts Department, except as regards provision of furniture and other equipment *in bulk* to units.

(3) Payments to contractors and others should be made entirely by cheques issued direct by the Accounts Department as under the War Office system. The present practice of making all payments in the presence of the Garrison Engineer or other officer involves a deal of unnecessary work and useless entries in the cash book kept by the accounting officers. Probably about 40 per cent. of such entries would be obviated by direct payment by cheques as in the War Office system, under which the O. H. M. S. cheque form itself acts as the payee's receipt for the money.

(4) While the technical powers of M. E. S. officers to sanction estimates, etc., are generally suitable, their powers in regard to non-technical matters are absurdly inadequate in such matters for instance as contingent charges, conveyance allowances to subordinates, etc.

(5) The numerous returns, etc., called for involve a lot of clerical work. Some Chief Engineers and C. R. Es. require the submission of additional returns over and above those prescribed by the Regulations. Many of these returns serve no useful purpose. Unnecessary and unauthorised returns should be abolished and a revised list published, addition to which should be strictly forbidden.

(6) Cost of manufacture of Barrack and Hospital Furniture could be considerably reduced and its quality improved by the use of modern machinery, which would enable skilled labour to be largely replaced by unskilled labour.

Points of general application.

(7) The purchase of stores from the Indian Stores Department on Running Contracts leads to much correspondence and waste of time. The contract once made by the I. S. D., all orders should be made and bills settled direct with the contractor. No audit staff would be required to see that the bills correspond with contracts, economy would be effected in forms, bills (which are submitted to the I. S. D. in quintuplicate) and postage charges ; and delay in payment of bills avoided. I. S. D. overhead charges and the cost to the M. E. S. and other departments dealing with the I. S. D. would be reduced.

Points of general application.

(8) Considerable waste of electric energy occurs in the Army and in other Government departments by electric light and fans being left on in unoccupied or partly occupied rooms in Government buildings and by the use of unnecessarily high candle power lamps in passages, verandahs, etc. Economy would be secured by impressing its necessity on all concerned and by fixing reasonable consumption figures, permitting the occupants of the buildings to share with Government the savings effected on those figures.

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REPORT

(INTERIM)

OF THE

GENERAL PURPOSES SUB-COMMITTEE

OF THE

RETRENCHMENT ADVISORY COMMITTEE

SEPTEMBER 1931

PART I.

CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1932

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Interim Report of the General Purposes Sub-Committee.

CHAPTER I.

General observations on retrenchment.

(1) *Introduction.*—As requested by the Chairman of the Retrenchment Advisory Committee, we, the General Purposes Sub-Committee, beg to present our interim report.

The General Purposes Sub-Committee was charged with—

(*i*) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items).

(*ii*) Consideration of, and co-ordination of the proposals made by the other Sub-Committees relating to, the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

(1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A. (*Chairman*).
(2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., *Member.*
(3) Mr. RANGASWAMY AYANGAR, ,,
(4) Mr. S. C. MITRA, M.L.A., ,,
(5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., ,,
(6) Mr. K. C. ROY, C.I.E., M.L.A., ,,
(7) Rai Sahib HAR BILAS SARDA, M.L.A., ,,
(8) Mr. RAMSAY SCOTT, M.L.A., ,,
(9) Khan Bahadur HAFIZ WILAYAT ULLAH, I.S.O., M.L.A., ,,
(10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department), ,,
Mr. S. P. SHAH, I.C.S. (upto 7th June 1931 MR. W. R. Tennant, I.C.S.) Secretary.

Reference.—

"To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

(2) *Procedure and sittings.*—We sat from 30th June to 24th July 1931 to consider the general lines on which we would conduct our investigation and to prepare questionnaires with a view to elicit information and suggestions from the various departments of Government. We issued 73 questionnaires

* *i.e.*, to the Retrenchment Advisory Committee.

concerning 63 grants and estimates and suspended our sittings on 25th July to enable the departments concerned to submit their replies. We resumed our sittings on 6th August and examined 32 representatives of the Secretariat and heads of departments with respect to the following 29 grants and estimates :—

Taxes on Income, Stamps, Forest, Executive Council, Bureau of Public Information, Intelligence Bureau, Central Board of Revenue, Police, Survey of India, Meteorology, Geological Survey, Botanical Survey, Zoological Survey, Archæology, Mines, Other Scientific Departments, Education, Medical Services, Public Health, Agriculture, Imperial Council of Agricultural Research Department, Veterinary Services, Indian School of Mines, Aviation, Emigration (External), Imperial Library, Explosives, Indian War Memorial, and Broadcasting.

In many cases the same officials appeared before us. We were desired to submit an interim report. Hence, we suspended the remaining portion of our programme, and applied ourselves to a detailed study of these subjects and to formulate our conclusions for the interim report.

(For the attendance of members the statement on page 10 may be seen.)

(3) *Invitation to the public.*—On 14th July we issued a notice to the general public inviting the public (including service associations) to forward their written memoranda and suggestions on the question of effecting possible economies in public expenditure in those activities of Government which fell within the cognisance of our Sub-Committee to enable us to decide whether we should examine any witnesses who might be named by them. We have considered such memoranda as have been received by us, but only one non-official, Mr. Gaya Prasad Singh, M.L.A., has appeared and given us the benefit of his advice relating to the Indian School of Mines, Dhanbad.

(4) *Portion of budget reviewed.*—This interim report covers grants amounting to Rs. 3,21,77,000 of which Rs. 48,20,000 is non-voted and Rs. 2,73,77,000 is voted. The grants and estimates charged to revenue,* with reference to which we have not yet been able to examine the representatives of the departments and otherwise to conclude our enquiries, amount to Rs. 36,14,03,000, of which Rs. 21,87,28,000 is non-voted and Rs. 14,26,75,000 voted.

(5) *Sources of information.*—The main sources of information to which we had recourse in pursuing our investigations were : (*i*) the Report of the Inchcape Committee, (*ii*) Detailed Estimates for Grants for 1931-32, (*iii*) Mr. Jukes' Review of the Civil Expenditure of the Government of India in the six years ending 1929-30, (*iv*) Lists of officers and establishments, (*v*) Written replies of the departments to our questionnaires, and (*vi*) the evidence of the official witnesses who appeared before us. In addition, memoranda from the departments on the question of a 10 per cent. reduction were also supplied to us, but we must mention that these documents have been of little help. The departmental replies to the questionnaires and the evidence of the officials with a few exceptions all tended, perhaps naturally, to uphold the view-point taken in the memoranda relating to the 10 per cent. cut. We have proceeded on the basis of a financial situation which the Hon'ble the Finance Member at

*(NOTE.—Expenditure charged to capital and disbursements of loans and advances have been left out of account in the above-quoted figures.)

the meeting of the Retrenchment Advisory Committee on the 25th of May described as a " national emergency," a view which he repeated to us since on more than one occasion at the meetings of our Sub-Committee.

(6) *Principles on which economies should be effected.*

Equality of sacrifice.

On the 7th of July 1931, after mature consideration, the Sub-Committee adopted the following resolution which was communicated to the press :—

" (I) A great deal of misapprehension and feeling of uneasiness appear to have arisen in the public mind as well as among the staff both of the higher and the lower grades as to the methods which we intend to follow. We want first of all to assure the public and those more immediately concerned that in pursuing our enquiries we have the following general principles and mode of action in view :—

(1) We shall deal as fairly and equitably as it lies in our power between different classes of employees of Government from top to bottom and save, as far as we can, without undue hardship to any class or individual.

(2) As for the procedure, we propose to pursue simultaneously two ways of approach in order to find out how far we can reach the maximum amount of economy without injuring the best interests of the country and having in regard the consideration mentioned above. The two methods are :—

(*a*) a percentage cut in all salaries, concessions and allowances, perhaps upon a graduated scale ; and

(*b*) by cutting off what are really superfluous activities or suspending activities, which are possible of suspension, for a term of years without much loss and by reduction of the officers, staff and establishment and other heads of expenditure, in so far as these objects can be effected without jeopardising the efficiency of Government.

In connection with 2 (*a*), *i.e.*, a percentage cut, the co-operation of all the services, superior and subordinate, will become necessary, and we should like to express a hope that such co-operation will not be wanting. We believe, public opinion generally will approve this method.

As for 2 (*b*), this enquiry will not only be helpful in securing economies for the present financial needs, but is of great importance in reorganising and readjusting those activities of Government, which fall within our cognisance, on a level which will afford the best chance of their being of benefit to the public without imposing an unnecessary burden on the resources of the country.

Investigations of the last category will obviously require considerable time and careful thought and deliberation.

Compensations.

Further, we shall have to consider in this connection the question of reasonable compensations to be given to those who will be affected by our proposals and that will necessarily reduce the savings.

Economic basis of pay of future entrants.

Lastly, we shall take up the question of pay of future entrants to the public service with a view to place it on an economic basis.

(II) The General Purposes Sub-Committee is of opinion that pending its report it is undesirable :—

(1) that apart from any question of policy or clear administrative necessity any vacancies should be filled or extensions granted except on a provisional basis ;

(2) that any fresh commitments or contracts should be incurred of any sort, except where absolutely imperative ; or

(3) that any member of the staff or establishment be discharged by way of retrenchment."

(7) *Percentage cut.*—Of the total budget under our purview Rs. 7,83,31,000 is absorbed in the pay (including " overseas pay " ; " special pay ", " personal pay " and leave salaries but not pensions) of " officers " and " establishments ". Though we have carefully refrained from recommending any large reduction of the personnel, except in some isolated cases where it is fully justified by especial circumstances, and our proposals generally will mainly affect men on the verge of retirement, a substantial scheme of economy like ours necessarily entails considerable hardship to a large number of public servants. We have throughout our deliberations attached the greatest importance to the principle of equality of sacrifice and to the methods by which retrenchment is to be carried out. The Sub-Committee in order to ensure equality of sacrifices no less than for the paramount purpose of balancing the budget would like its recommendations for an all-round percentage cut in pay to be treated as an important and integral part of its report. It has been suggested to us that resort to such a measure should not be had unless and until it is found that sufficient economies cannot be secured by the contraction of certain non-essential activities and by the reduction of staff in such cases and in the others where there has been an overgrowth. We have been unable to accept this view and hold that both the processes should be applied simultaneously. In the first place, it would not be possible without having recourse to both the expedients to balance the budget, even if we were to cut out altogether a number of existing activities of the Government. The latter possibility, however, this Committee is not at all prepared to contemplate. Mr. Nixon, our official colleague, is of opinion that several of the scientific departments, which he apparently regards as being more or less non-essential, should be suspended for a term of years or closed down altogether because of the financial necessities. Such a view, in the first place, either necessarily minimises the intimate connection between much of the scientific work directed or encouraged by the Government of India and the economic development of the country or pre-supposes that the two aspects are capable of being separated. Further, taking a broad view of the manifold needs of India both in the present and in the near future it is possible only in rare cases to discriminate between the various activities of the Government of India for the purpose of classifying them into essential and non-essential. Again, we do not believe—indeed we have not been so advised—that India's financial position, grave as it is, is such that Government must denude itself of all its legitimate functions other than the maintenance of law and order. The day such a crisis is reached, justification for the existence of a civilised Government in India for any purpose whatever should have largely

disappeared. We have, therefore, acted upon the view that while it is but right that in a time of extreme financial stress such as the present, the undertakings and commitments of Government should be curtailed as much as possible according to the special circumstances of each case and new commitments ruled out altogether, it is obvious to us that all departments of Government should equally be called upon to make sacrifices at this juncture, just as in the case of the official personnel not merely the men whose services have to be dispensed with through no fault of their own but those who will remain on, must bear their fair share of the burden.

(8) *Constitutional aspect.*—It has been said that the pay including 'overseas pay' of both European and Indian officers of the All-India and a few other services is protected by the Government of India Act against an emergency percentage cut and that no effect can be given to any recommendations in this connection, unless the Secretary of State for India agrees to get the Act suitably amended by the British Parliament. The Sub-Committee desired to be placed in possession of the opinion of the Law Officers on the point which, we were told, had been obtained; but it was not produced on the ground that "the Government of India were precluded from showing the opinion of the Law Officers of the Crown to the Committee," though we note that the opinion of the Law Officers on a similar question was supplied to the Lee Commission. In any case the Sub-Committee must recommend that the Secretary of State be asked to take the necessary action in the matter. The Committee is in fact surprised that a percentage cut in salaries and allowances, being so obvious, equitable and inexpensive a method to adopt in such an emergency, the Government of India should not, like the governments of other countries such as Japan, Italy and Australia have had recourse to this expedient, *suo motu*. A moderate cut in the salaries for, say, two or three years would cause the least amount of suffering and at the same time avoid any risk to the efficient functioning of government that might be involved in an excessive contraction of its activities and man-power.

(9) *Treatment of Scientific activities.*—We should here mention that hitherto we have been able to examine mostly the activities of the departments of Education, Health and Lands and Industries and Labour. In dealing with the scientific activities of the Government of India we have carefully scrutinised each case with an anxious desire not to cripple them, and it is only to the extent that we were satisfied that some of the aspects of this class of work—to which we attach great value—could at this stage be safely curtailed or slowed down or the staff reduced to smaller proportions without any loss whatever to the country, that we have made recommendations to that effect as in the case of the Geological Survey and the Survey of India. Further, with regard to some sections of the work of several scientific departments of the Government of India, the Sub-Committee have formed the opinion that they could now be better developed by the universities and at a less cost and we have therefore recommended that the Indian universities, like other universities, should be encouraged in all suitable cases to undertake such work. With regard to medical and public health, which are transferred provincial subjects, we have recommended reduction of the establishments of the Government of India to what is necessary to enable the Central Government to carry out such functions as still appertain to them.

(10) *Treatment of educational and scientific institutions.*—With respect to grants-in-aid to educational and scientific institutions the position is that Government having once made a grant, whether recurring or non-recurring, do not exercise control and supervision over the way it is spent with the result that institutions like the Aligarh, Benares and Delhi Universities, the Indian Institute of Science, Bangalore, the Indian Association for the Cultivation of Science, Calcutta, the Bose Research and the Bhandarkar Oriental Research Institutes have made programmes of their own on the assumption that the grants would be continued as promised. It is not open to us to say, any more than it is to Government themselves, whether or how far these institutions could curtail, slow down or suspend such programmes. The only feasible course left to the Sub-Committee in these circumstances was to recommend that Government should, if they consider it expedient, negotiate with these bodies and try to persuade them, if possible, to contribute their quota towards meeting the national exigencies.

(11) *Civil Aviation and Broadcasting.*—In the Department of Industries and Labour we have been confronted with a new and costly programme of Civil Aviation, with its concommitant effects in considerably expanded meteorological and wireless services and another new scheme, *viz.*, Broadcasting, though much less costly. Neither of these ventures, whatever their other merits, is likely to be self-supporting within the next five years or so, and we have, therefore, recommended that they should be held in abeyance for the present, but, in the case of the State Air Service, upon certain specific conditions.

(12) *International Conventions.*—The Committee would here observe that modern developments in Europe are constantly dragging India into activities, which, while clearly beyond her limited and inelastic resources, do not hold out a reasonable prospect to the country of adequate corresponding benefits. The Committee is further obliged to note that India having been given the status of an original member of the League of Nations its direct and indirect effects have so far served to saddle her with extremely onerous obligations which seem to be daily on the increase. Having regard to the fact that the country has reached the limits of her financial capacity, the Sub-Committee recommends that the Government of India should rigorously curtail their expenditure in these respects and set their face resolutely against any such further commitments, at least for some time.

(13) *Proposal regarding a " cut " in pay.*—We have not yet held any enquiry into the question of fixation of pay for future recruits to the public services, but have examined the scales of pay of " officers " and of " establishments " in the Government of India. We have no hesitation in recording our opinion that they are pitched high enough to bear substantial percentage cuts without causing any serious inconvenience to the staff. (We may mention that we have made full allowance for the recently increased taxes on income and import tariffs on certain articles of luxury such as wine, tobacco, etc.) In the case of men on the lower grades of pay, the unprecedented fall in the prices of food-stuffs should, to some extent, palliate the hardship of a percentage cut. Further, with the exception of Mr. Nixon, we have no hesitation in recommending that in a financial crisis of this magnitude the costly

'concessions' known as the Lee Concessions (excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts) should be withdrawn.

(14) *Principles upon which retrenchment of the staff is to be carried out.*—As for the way in which retrenchment of the personnel should be carried out, our proposals would show that either certain individual posts held by officers have to be abolished or certain proportions of the "officers" and the "establishments" have to be cut out. In the latter event we recommend that the following order should be observed, as far as possible, in retrenching the staff :—

(*a*) men who have earned their full pensions or have nearly completed their term of service,

(*b*) men who are employed for a fixed temporary period in connection with work of a temporary character,

(*c*) men with less than 25 years' service including those who, though borne on the temporary list, are virtually regarded as part of the permanent staff or as probationers.

In selecting men under each of the above categories the departments will no doubt first of all get rid of men who have proved to be hopelessly inefficient.

The Sub-Committee further recommends that, wherever practicable, due regard should be had by Government to its policy relating to the Indianisation of the services and the redress of communal inequalities.

(15) *Compensations.*—In the case of retrenched posts held by the members of the All-India and other civil services employed in the Government of India, the officers would automatically revert to their cadres and no question of compensation ordinarily arises. A similar arrangement is possible with respect to many of the military officers employed on the civil side. As for the other cases, those falling in category (*a*) of the preceding paragraph present little difficulty ; they should be retired on full pension. For categories (*b*) and (*c*) the existing rules, which were meant to meet a few isolated cases, are not sufficiently liberal to meet the present situation involving large-scale reduction of staff. A consequence of our recommendation is that a considerable number of government servants will be thrown out of employment, and, in the ordinary course, would receive an ordinary pension or gratuity under the rules. We consider that in present circumstances this will result in an intolerable situation, and we would therefore recommend that an improvement in the terms of dispensing with the services of lower paid staff should be effected on the following lines : that all staff retrenched and drawing at the time of retrenchment not more than Rs. 200 should receive a pension of 50 per cent. of their pay, while those drawing between Rs. 200 and Rs. 500 should draw a pension of at least 33-1/3 per cent. of their pay. For those in receipt of over Rs. 500 the ordinary rules would operate together with such compensation in the form of a gratuity which Government may find the financial circumstances permit.

Mr. Nixon sees considerable difficulties in this, firstly, in the extra expenditure involved which will neutralise the estimated savings and, secondly, in its consequences on practically the complete stoppage of recruitment of youths coming out of schools and colleges.

(16) *'Allowances', 'Contingencies', 'Supplies and Services', etc.*—Besides the pay of officers and establishments the budgetary demands within the cognisance of our Sub-Committee account for Rs. 1,44,27,000 under the head 'Allowances and Honoraria', and Rs. 2,30,67,000 under 'Contingencies' and 'Supplies and Services'. 'Other charges' and 'Miscellaneous', even when they form genuine expenditure, account for a substantial percentage of the total budget. With respect to these items we must observe that not only do the 'Detailed Estimates for Grants' give no particulars, but we have not yet been able to get sufficient details otherwise, to enable us to form a definite and satisfactory estimate of the economies possible under these heads. We have, therefore, been obliged to base most of our recommendations with respect to such items of expenditure more or less on a general appreciation of what reductions are possible in view of contracted activities or reduced staff. In some cases allowances and honoraria amount as much as to 7·16 lakhs (Survey of India), and 1·43 lakhs (Geological Survey) and Contingencies and 'Supplies and Services' to 7·05 lakhs (Taxes on Income) and 4·98 lakhs (Mint). A mere look at these figures suggests that this form of budgeting is not fair to the Legislature or the general public. The main particulars should be available in a handy form, if not in the Detailed Estimates, at least in a separate pamphlet.

(17) *Lack of adequate information.*—At an informal meeting of our Sub-Committee as far back as the 25th of May 1931, a form like that of appendix (B) of the Inchcape Committee's Report was handed over to the Finance Department with a request that the Sub-Committee might be supplied with up-to-date information under the different heads " number of permanent and temporary staff ", " pay proper ", " special pay or duty allowances ", " compensatory or local allowances ", " house rent ", " travelling allowances ", " total of pay and allowances ". We also specially asked for figures showing the cost to Government of what are known as the Lee Concessions. But they have not yet been supplied to us. In connection with the Lee Concessions in particular there is a volume of Indian opinion which regards them as an unfair burden on Government revenues. We have recommended the withdrawal of the Lee concessions, as mentioned in para. 13, but, in the absence of the necessary information we are unable to calculate the total savings. The amount however would be considerable. We further understand that since the Lee Commission's Report considerable additions have been made to the list of concessionaires.

(18) *Suggestions for increasing the revenue.*—As one of the main objects of this enquiry is to enable the Government of India to balance their budget, the Hon'ble the Finance Member agreed that it was open to this Sub-Committee to make suitable proposals for increasing the revenue within the limits of such activities as fell within their purview. We have made certain recommendations accordingly in this connection. We shall mention here only two striking cases. The mineral wealth of the country, which it is the special function of the Geological Survey to help in developing, is at present being leased out to prospectors on unduly favourable terms and we have, therefore, recommended that the entire mineral policy of Government should be revised at a favourable opportunity with a view to enhance the revenues derived from this source.

There is another source of revenue which has been neglected by the Government of India. Pensions and leave and deputation salaries and allowance payable outside India have been exempted by special notifications from taxes payable under the Indian Income-tax Act. For such exemption we can find no justification whatever. We have recommended that the exemption be withdrawan and taxes on these incomes and salaries be deducted at the source according to law. We estimate that a sum of about 50 lakhs will then be added to the revenues of the Central Government.

(19) *Delhi-Simla move.*—The Committee considers that in the cause of economy something should be done to mitigate the waste involved in the costly city of New Delhi remaining virtually untenanted for a greater part of the year, and to save as much as possible of the large amount of money and loss of time involved in the two annual moves of Government of India offices between Delhi and Simla. Departments should, in the view of the Committee, be left in Delhi all the year round, and Government should be taking the necessary steps towards this end. For the present, as many of the departments (and particularly the attached offices of the Government of India) should remain in Delhi as Delhi will accommodate. The Committee is given to understand that inadequacy in the supply of fresh water has been advanced against such a step, but it believes that this position could be, at any rate partially, met by enforcing reasonable restrictions on its use during the cold season. In the meantime and until Delhi is fitter to accommodate all the Government of India for the whole year, as many other departments as possible should be left in Simla all the year round.

(20) *Rent for Government buildings occupied by officers.*—Fundamental Rule 45-A.-II reads as follows :—

" For the purposes of the assessment of rent, the capital cost of a residence owned by Government shall include the cost or value of sanitary, water supply and electric installations and fittings, but exclude the cost or value of the site (including expenditure on its preparation) ; and shall be either —

(*a*) the cost of acquiring or constructing the residence and any capital expenditure incurred after acquisition or construction ; or, when this is not known,

(*b*) the present value of the residence."

The above rule shows that the value of the site is excluded for the purposes of assessment of rent of Government residential buildings. The value of the site and the grounds attached to the bungalows of officers, which are invariably located in the best localities in a town, is always very high. The effect of the rule is that Government loses a certain amount of revenue as the assessment of rent on such buildings is made merely on the capital cost of the buildings. We recommend that all residential buildings should be assessed on the capital cost of the building *plus* the cost of the site and the grounds, and the officers occupying them should be charged rent on that basis.

(21) *Savings.*—On the basis of our proposals the immediate reduction of expenditure with effect from the 1932-33 budget will be 121·21 lakhs. (See statement on page 70.) In this connection we ought to add that our calculation of the reduction of expenditure or of savings on account of pay does not take into consideration the proportion of probable savings on account of the

retrenched staff. The reduction of expenditure and the savings worked out by us are therefore slightly on the higher side. But in view of the fact that "probable savings" are not always shown in the detailed estimates and, even where shown, are not always accurate, we had no alternative but to leave this factor out of our calculation. The margin of difference which this will make in our estimate of reduction of expenditure and of savings will not, however, be wide enough to affect the value of our calculations materially.

(22) *Frame-work of each chapter.*—We have had to consider the question whether we should give the more important details of the processes leading up to our conclusions or should give only a broad outline and the probable total reduction or saving of expenditure in each grant. The Sub-Committee (with the exception of Mr. Nixon) has throughout held that in fairness to the departments as well as the general public important details should be set forth in the report to enable them to see how the Sub-Committee arrived at its conclusions and its estimate of savings. Hence, under each chapter we have tried to explain the grant and to describe the functions, organisation, growth of staff and expenditure and to explain the important details, on which our proposals are based. Wherever necessary, other information has also been given.

(23) *Saving clause.*—In submitting this interim report the Sub-Committee reserves to itself the liberty to make such modifications as may be found necessary after a study of the subjects that have not been dealt with so far.

(24) *The late Mr. K. C. Roy.*—We have only to add that after the whole of this interim report was adopted by us and, with the exception of this chapter, was sent to the Press, our esteemed colleague Mr. K. C. Roy suddenly passed away before he could sign the report. He was in complete agreement with the majority view on every point.

(25) *Appreciation of Secretary's work.*—The Sub-Committee also wishes to record its high appreciation of the ability, knowledge and unsparing industry with which our Secretary, Mr. S. P. Shah, I.C.S., dischaged his onerous duties throughout the proceedings.

Statement showing the attendance of members at the meetings.

Names.	30th June to 25th July.	6th August to 4th September.	10th September.	11th September.	16th September.	Remarks.
Days of sitting ..	21	23	1	1	1	
Sir Abdur Rahim* ..	21	22	..	..	1	*Could not attend the morning Sittings on 27th, 28th and 31st August and September 2.
The Hon'ble Lala Ram Saran Das.	15	11	..	..	1	
Mr. Rangaswamy Ayangar†	10	..	..	..	..	† Sailed for England on the 15th August to join the Round Table Conference.
Mr. S. C. Mitra ..	21	20	1	1	1	
Mian Muhammad Shah Nawaz. ‡	7	3	1	1	1	‡ Was a member of the Frontier Regulations Committee and began to attend our Committee from 13th July 1931.
Mr. K. C. Roy§ ..	19	23	..	..	..	
Mr. Har Bilas Sarda ..	15	19	1	1	1	§Died on 7th September 1931.
Mr. Ramsay Scott ..	21	20	..	..	1	
K. B. Hafiz Wilayat Ullah.	13	19	..	..	..	
Mr. J. C. Nixon ..	21	23	1	1	1	

CHAPTER II.

GRANT NO. 17—TAXES ON INCOME.

1. *History.*—Prior to the Reforms income-tax was a "divided" head, the cost of collection and the revenue being shared by the Central Government and the Provinces. Except in the Presidency towns and a few other large towns, where special whole-time income-tax staffs were employed, the assessment and collection of income-tax were in charge of the district revenue staffs. Centralisation began before the introduction of the Reforms and was gradually carried out. With the exception of a small portion of Burma and the hill-districts of the United Provinces the administration is now entirely central.

2. *Organisation.*—Five of the nine major provinces have a whole-time Commissioner of Income-tax for the province. In the United Provinces the Commissioner works also as Opium Agent and in Burma as Commissioner of Salt Revenue. In Assam the Director of Land Records is, *ex-officio*, Commissioner of Income-tax for Assam and the Local Government are paid Rs. 5,000 as the Government of India's share of this officer's pay and allowances. The Commissioner of Income-tax, Punjab, works also as Commissioner for Delhi and for the North-West Frontier Province. In the other minor administrations income-tax work is done by the Chief Commissioner (in Ajmer-Merwara by the Commissioner), generally speaking, through the agency of one or more income-tax officers.

The Commissioner has under him a certain number of Assistant Commissioners, Income-tax Officers, Assistant Income-tax Officers, Examiners of Accounts, Inspectors and ministerial and menial staff. (*Vide* Statement A.)

3. *Growth of expenditure.*—The expenditure on the Income-tax Department and the revenue from taxes on income have grown as below (the figures are in thousands of rupees :—

——	1913-14.*	1922-23 (estimate).	1924-25.	1931-32 (estimate).
(*a*) Expenditure ..	4,69	47,01	60,38	77,26
(*b*) Revenues (after deducting refunds)	2,90,52	22,33,11	16,01,48	17,44,54†
(*c*) Percentage of expenditure to revenue	1·7	2·1	3·8	4·4

* The 1913-14 figures have been borrowed from the Inchcape Committee's Report and include the share of the provinces in the expenditure and the receipts.

† With effect from 1st April 1931 the rates were enhanced considerably.

4. *Proposals.*—(*i*) As regards retrenchment, we recognize that of all the revenue-earning departments the Income-tax Department is perhaps the least amenable to a reduction of personnel. In the absence of detailed material all we can do is to enunciate a few broad principles and in the light of such relevant material, as we have been able to collect, to propose certain minor but specific economies.

(*ii*) We think that *prima facie* two Commissioners' charges can be abolished. We observe that, judged by various criteria, the Central Provinces and Bihar and Orissa are the least important and appear to us to offer scope for such action. (*Vide* Statement A.) In the course of the oral evidence the Central Board of Revenue told us that the amalgamation of the Assam Commissioner's charge with that of the Commissioner of Income-tax, Bengal, was already under its consideration. If such amalgamation is found to be productive of economy, it should be brought about. But, since Bengal is a heavy charge and the cost of the present arrangement is only Rs. 5,000 per annum, we advise that the proposal should be considered carefully.

(*iii*) Further, we observe that expenditure is growing apace. From 47·01 lakhs in 1922-23 it grew into 60·38 in 1924-25, 70·35 in 1929-30 and now stands at 75·87 lakhs. The ratio of expenditure to revenue has more than doubled since 1922-23 and is rising.

As a measure of financial necessity we propose that the income-tax personnel be reduced by (*a*) 7½ per cent. in the case of all officers of gazetted rank and (*b*) 10 per cent. in the case of others. We intend this proposal to apply to all the provinces and the minor administrations.

(*iv*) We have scrutinised the staffs for the provinces of Bombay and Bengal; to us they appear to be excessive. We recommend that the strength of the income-tax staffs in these provinces be particularly scrutinised and, if feasible, reduced more than proportionately to the general reduction we have proposed above. (Statement A may be seen in this connection.)

(*v*) We observe that in certain provinces there are some posts on scales of pay outside the regular scales. Thus, in Bombay there is one post of Income-tax Officer on Rs. 1,500—100—2,000 (the standard Bombay scales being Rs. 300—50—600—50/2—700 and Rs. 750—50—900). The incumbent of this post is getting a pay of Rs. 2,000. In Bengal there are two posts of Assistant Commissioner on Rs. 1,500—100—2,000 as against the standard scale of Rs. 1,000—100—1,500. In our opinion these and similar posts should be abolished forthwith.

(*vi*) We were assured by the Hon'ble the Finance Member that we were not precluded from making proposals (relating to the subjects under our purview) for action whereby revenues could be increased. We observe that leave and deputation salaries and pensions paid to Government servants abroad are exempt from the Indian income-tax. For the sake of uniformity the scope of such exemption has had to be extended in recent years with the result that vacation salaries to judges and leave salaries and allowances paid abroad to the employees of private firms and individuals are also exempted. In the absence of arrangements for relief from the payment of double income-tax there may have been some justification for such exemptions; in our opinion there is no such justification now. We recommend that salaries, allowances, pensions and similar payments, from Indian revenues or from the funds of commercial bodies and individuals in India, should, even when these are paid abroad, be made subject to the Indian income-tax which should be deducted at the source. There may be technical difficulties, but these must be overcome. If necessary, India may be declared by law to be the locus of payment. Mr. Nixon prefers at this stage not to commit himself on this matter.

(*vii*) We further agree that Government should explore the possibility of levying the Indian income-tax on the interest of their securities, even if

such interest is paid out of India. On this matter also Mr. Nixon prefers to reserve his opinion.

(*viii*) In our opinion the existing convention between India and the United Kingdom for the grant of relief from double income-tax does not secure to Indian revenues the full benefit which they would get if the convention were, *in practice*, really reciprocal. The disadvantage to Indian revenues results from the fact that as against the scores of companies which are controlled from the United Kingdom but operate mainly in India there are few concerns controlled in India and operating in the United Kingdom. We recommend that action should be taken as early as possible to ensure that the Double Income-Tax Relief Convention with the United Kingdom does not operate, in practice, to the disadvantage of India.

(*ix*) We are unable to work out the total additional revenue which would accrue if effect were given to our proposals in sub-paragraphs (*vi*), (*vii*) and (*viii*.) But in paragraph 18 of Chapter I we have estimated that additional revenue of about 50 lakhs can be secured if effect is given to our proposal in paragraph 4 (*vi*) of this Chapter.

5. *Summary of savings.*—On our proposals relating to retrenchment we estimate that there should be a reduction of expenditure of 7 lakhs including the reduction of expenditure on allowances and contingencies. We recommend that the 1932-33 budget be reduced by this amount.

Statement A.

Serial No.	Administrative Units.	Number of assessees.	Net collection of income-tax and super-tax (in lakhs).	Number of Assistant Commissioners.	Number of I. T. Os. *plus* Assistant I. T. Os. (if any).	Number of Examiners of Accounts and Inspectors (including non-gazetted I. T. Os.	Number of ministerial establishments other than examiners.	Percentage of expenditure to net revenue.	
								1924-25.	1929-30.
1		2	3	4	5	6	7	8	9
1	Madras	42,036	1,43	4	52	37	273	7·6	4·8
2	Bombay	73,307	3,74	7	47+1	133	466	3·4	4·6
3	Bengal	47,989	5,02	7	35+24	50	401	..	1·4
4	United Provinces ..	25,773	90	3	41+7	..	184	7·07	5·8
5	(*i*) Punjab ..	25,918	64	3	37+11	44	204	8·3	9·3
	(*ii*) N. W. F. P. ..	3,102	10						7·2
	(*iii*) Delhi ..	7,409	22						3·16
6	Burma	27,791	1,81	5	43+8	43	167	3·4	4·87
7	Bihar and Orissa ..	14,591	51	2	17+3	11	92	6·1	5·7
8	C. P. and Berar ..	14,047	40	2	16	20	80	7·2	9·9
9	Assam	5,407	32	1	6	4	38	12·2	5·98
10	Baluchistan ..	485	2	..	1	..	4	..	..
11	Ajmer-Merwara ..	569	3	..	..	1	7	..	..
12	Coorg	151	·24	..	..	..	1	..	..
13	Mount Abu ..	26	·05	..	..	..	..	..	..
14	C. & M. Station Bangalore.	724	3	..	..	..	6	..	..

CHAPTER III.

GRANT NO. 20—STAMPS.

1. *Explanation of the grant.*—This demand does not take note of the expenditure on the administration of stamps in the minor administrations.

Besides the Central Stamp Store maintained by the Security Press at Nasik a reserve stamp depôt is being maintained at Calcutta in charge of a Storekeeper at a total cost of Rs. 9,000. Against this expenditure an amount of Rs. 17,000 is being recovered from the Posts and Telegraphs Department. Hence, the net expenditure is *minus* Rs. 8,000.

The provision of Rs. 5,000 (under " Superintendence ") for loss on commercial undertakings represents the expenditure on account of the leave salary of the officers and staff of the Central Stamp Store at Nasik.

2. *Proposals.*—(*a*) As regards the Reserve Stamp Depôt at Calcutta, we agree that it should be maintained. We have no recommendation to make for the reduction of expenditure on this depôt.

(*b*) Pending receipt of a further communication which has been promised by the Finance Department, we are not in a position to make any recommendation regarding the Security Printing Press at Nasik. We shall deal with this in the second part of our report. *Prima facie* however, we are of opinion that the gross expenditure of this and of all other commercial undertakings should be submitted to the Legislature in the usual way.

CHAPTER IV.

GRANT NO. 21—FOREST.

1. *Organisation.*—The expenditure of 11·3 lakhs under this grant is incurred on the maintenance of (*i*) an Inspector-General of Forests (pay Rs. 3,250) and his office at a total cost of Rs. 63,400, (*ii*) two training colleges, one for Officers and the other for Rangers, and (*iii*) the Forest Research Institute. The expenditure on the Institute has been calculated to amount to nearly 9¼ lakhs. The rest amounting to about 1·45 lakhs is the expenditure on the two colleges. In fact, the Institute is also utilised for training and it is not easy to apportion precisely the expenditure between the colleges and the Institute.

2. *The Research Institute.*—The Research Institute is located at Dehra Dun in buildings which have cost nearly a crore of rupees. It is organised in various sections in charge of specialists. The Forest Economist's section has in all 18 officers and a permanent establishment of 31. The Botanist's section has 5 officers and an establishment of 15. The Entomological section is manned by 4 officers and an establishment of 26. Sylvicultural work is in charge of 3 full-time officers and one extra officer for four months ; the establishment in this section is 15. The sections have temporary establishments of varying strengths.

3. *Growth of expenditure.*—Up to the time when the Inchcape Committee reported, the Research Institute used also to train recruits for the provincial forest services in India. The expenditure on the Institute including its training side has grown as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
2,98,000	6,43,100	8,66,100	8,26,366	9,54,917	10,67,000

4. *Proposals.*—(*i*) As regards retrenchment we are unanimously agreed that the post of Inspector-General and his office should be abolished, saving Rs. 63,400. Such special advice as the Government of India require in future might be obtained from the Chief Conservator of Forests, N. W. F. Province.

(*ii*) We further observe that the Officers' College has only two men under training. We have reason to believe that several men with the necessary training to work as officers are at present awaiting employment. Recruitment to the Indian Forest Service has stopped. Under the new Constitution the superior forest service will no doubt be provincialised. Our opinion thus is that there is little scope at present for the absorption of men trained in the Officers' college in the superior forest service. Accordingly, we recommend that this college be abolished, provided that :—

(*a*) suitable arrangements are made for the completion of the training of the men already enrolled (we suggest that they might be given scholarships and sent abroad), and

(*b*) if the need arises again in future, the College will be reopened, or other facilities for the training up of Indians for the superior

forest services provided, *e.g.*, by the grant of foreign scholarships for study abroad. We were assured by the Inspector-General in the course of his oral evidence that, if necessary, the college could be reopened at short notice, provided the Research Institute was not abolished.

(*iii*) As regards the Rangers' College we observe that Madras and Burma Governments have their own arrangements for the training of subordinate officers. But, these will not, in our opinion, meet the needs of the whole of India. A centre for the training of men for the subordinate forest services for the northern provinces should be maintained. Our proposal therefore is that this college should be kept alive. But, since such training cannot be called a function of the Central Government, we recommend that Government should examine the financial position of the Rangers' College and take steps to secure that it does not prove to be an undue burden on the central revenues. We think that the provinces interested in its maintenance should be required to make contributions.

(*iv*) The Sub-Committee recommends that the Research Institute should be maintained. (For Mr. Nixon's view on this point *vide* sub-paragraph *vi.*) Not only the provinces but also the Central Government possess valuable forest properties, *e.g.*, in the Andamans and the North-West Frontier Province. Coorg also has good forests. Large sums have been invested for the exploitation of these properties. In the interests of revenue (2½ crores net) and of the general welfare of the countryside we consider it important that the forests should be scientifically dealt with. To this end we consider it essential that the Central Research Institute should be maintained.

(*v*) We, however, consider that the Institute has been conceived on ambitious lines. We are not in a position to evolve a detailed scheme for the administration of the Institute in the future. But in view of the financial necessity of Government, we think the expenditure on the Institute (excluding the Rangers' College) should be brought down from the present figure of about 9¼ to 4 lakhs. We have asked the Department of Education, Health and Lands to put up a scheme costing about 4 lakhs for our consideration in connection with the second part of our report.

(*vi*) Mr. Nixon has some doubt on the points in sub-paragraphs (*iv*) and (*v*). At present he is inclined to the view that in the present financial circumstances the entire Institute should be closed down.

(*vii*) We further suggest that, in case it is decided to locate the proposed Indian Military College at Dehra Dun, the advisability of utilising the buildings of the Institute for the purposes of that College might be considered. The Institute might then be shifted to any other convenient buildings.

5. *Summary of savings*—On our proposals the 1932-33 budget will be reduced by (*a*) Rs. 63,400 on the Inspector-General and his office, (*b*) Rs. 5,25,000 on the Institute, and (*c*) Rs. 72 600 (approximate) on the Officers' College=6·61 lakhs.

CHAPTER V.

GRANT NO. 28—EXECUTIVE COUNCIL.

1. *Explanation of the grant.*—The total provision is Rs. 5,79,000. Apart from the provision of pay for six members at Rs. 6,666-10-8 p. m., the only items of expenditure are :—

(*i*) travelling and other allowances—Rs. 6,200,

(*ii*) tour expenses (Rs. 56,100) and expenditure on account of special saloons (interest, maintenance etc.) (Rs. 34,900)—Rs. 91,000,

(*iii*) passage contributions of the three I. C. S. Councillors—Rs. 1,800.

2. *Proposals.*—(*i*) In our opinion it is unnecessary to have four specifically reserved saloons for the six members. It should be possible to utilise the Railway Department saloons for the members' tours. When travelling on duty the Councillors should have a prior claim on the saloons maintained by the railway concerned. We therefore recommend that arrangements on these lines be made as early as possible. We think, the Railway Department ought, in due course, to be able to absorb the saloons back into their general stock of saloons.

(*ii*) Government should consider whether it is essential to continue the concession of the Fundamental Rules in the matter of house-rent to the Hon'ble Members of the Council and why they should not pay full economic rent for their houses.

CHAPTER VI.

GRANT NO. 32-B—BUREAU OF PUBLIC INFORMATION.

1. *Functions.*—The main functions of this Bureau are to compile the annual publication on the moral and material progress of India (this is a statutory duty of the Government of India), to make and supply to departments cuttings from newspapers and thus keep them in touch with public opinion in India and abroad, to keep opinion abroad in touch with developments in India, issue explanations, supply digests of important reports, resolutions and notifications and generally to do publicity on behalf of Government with the object of keeping the public informed of the policy of Government and to correct misapprehensions or misrepresentations in regard to it.

2. *Organisation.*—The Bureau is in charge of a Director (pay Rs. 2,000—2,250). He is assisted by a Deputy (pay Rs. 1,200—1,500). The ministerial establishment of 15 costs Rs. 32,900 and the menial establishment of 12 Rs. 2,800. There is also a provision of Rs. 1,100 for temporary establishment. Other charges cost Rs. 60,500; details are given in *a*, *b*, *c*, *d* and *g* of para. 4 (*iii*).

3. *Growth of expenditure.*—The 1931-32 grant is Rs. 1,38,700. The budget provisions for 1922-23, when the Bureau was still on a temporary basis, was Rs. 1,02,300. Actual expenditure in 1924-25 was Rs. 1,33,061 and in 1929-30, when the "peak" was reached, it was Rs. 1,56,311. The Home Department have offered a reduction of Rs. 27,300.

4. *Proposals.*—(*i*) As regards the functions of the Bureau we wish to record our opinion that "publicity" work is often liable to be interpreted as "propaganda", and is not so useful as regular communiqués issued by the responsible departments concerned; in some cases it is positively harmful. The policy in this respect should therefore be reconsidered by the Home Department. Mr. Nixon prefers not to express an opinion on the Sub-Committee's views in this sub-paragraph.

We further recommend that every endeavour should be made to bring out the annual publication on the moral and material progress of India as soon as possible after the close of the year which it reviews.

(*ii*) Sir Abdur Rahim, Mr Nixon, and Mr. Mitra are in favour of abolishing the Bureau: in their opinion the work can be done without maintaining a permanent establishment. The other members are in favour of maintaining Sir Abdur Rahim and Khan Bahadur Wilayatullah are further of the opinion that "if the Bureau is to be maintained, more than one officer should not be necessary, provided of course the officer selected has sufficient literary equipment for producing the annual publication (called "India") on the moral and material progress of the country in a readable and interesting form." All other members are for retaining two officers' posts.

(*iii*) The Sub-Committee unanimously recommends that the Bureau should in no case cost more than one lakh. With the exception of Mr. Nixon, who doubts the advisability of the Sub-Committee entering into specific details, all members agree that the following provisions

should be deleted or reduced, as shown below, in the 1932-33 budget :—

	Savings. Rs.
(*a*) Miscellaneous should be reduced from Rs. 18,200 to Rs. 10,000	8,200
(*b*) Publicity should be reduced from Rs. 19,000 to Rs. 9,000	10,000
(*c*) Travelling allowances should be reduced from Rs. 12,300 to Rs. 7,200	5,000
(*d*) Special cable service should be reduced from Rs. 9,000 to Rs. 3,000	6,000
(*e*) The provision for temporary establishment should be cut out *in toto*; this will yield a saving of ..	1,100
(*f*) The establishments (excluding the post of the photographer which the Home Department have offered to abolish) should be reduced by 10 per cent. This will lead to a saving of	3,230
(*g*) The photographer's post should be abolished and the provision of Rs. 2,000 for the purchase of photo materials should be deleted. This will yield a saving of	6,200

NOTE.—Our proposals incorporate all the economies offered by the Home Department.

(*iv*) *Summary of Savings.*—The total reduction of expenditure with effect from the 1931-32 budget will be Rs. 39,730 = nearly 28½ per cent. of the 1931-32 budget. The 1932-33 budget should be reduced accordingly.

CHAPTER VII.

GRANT NO. 32-C—INTELLIGENCE BUREAU.

(1) *Functions.*—This Bureau is maintained for the purpose of securing an effective interchange and co-ordination of intelligence, particularly in regard to communism and terrorism, between intelligence organisations in India *inter se*, and between these and intelligence systems abroad. Its function necessarily keeps it in close relation with the Foreign and Political and the Army departments. A minor function is the examination of questioned documents.

(2) *Organisation.*—The Bureau is directed by a Director (pay Rs. 3,000 *plus* £13/6/8 overseas pay). He has a Deputy (pay Rs. 1,750—100—2,150 *plus* £13/6/8 O. P. *plus* Rs. 100 special pay) and a Personal Assistant (on the senior time-scale of the Indian Police Service *plus* Rs. 300, subject to a maximum of Rs. 1,100). These three posts are reserved for the Indian Police Service. There is also an Assistant Director (on Rs. 950—80—1,350 *plus* overseas pay), four other officers (on the pay they would draw in their provinces *plus* a special pay of 100 p. m.) and an Assistant Superintendent of Police (on the time-scale for the I. P. S. *plus* Rs. 150 special pay). The Bureau proper thus has nine officers. In addition there are two officers for the examination of questioned documents. The establishment of 98 consists of a Chief Superintendent, other Superintendents, clerks, etc., 4 Sub-Inspectors of Police, a photographer, 50 servants and a temporary establishment costing Rs. 3,100 per annum.

(3) *Growth of expenditure.*—The 1931-32 grant for this Bureau is Rs. 7,11,400. Actual expenditure in 1913-14 was Rs. 3,67,000. Since 1924-25 expenditure (both total and on certain items) has grown as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31 estimate.	1931-32 estimate.
Officers ..	1,48,298	1,63,533	1,45,966	1,67,869	1,87,224	2,13,025	1,63,000	1,50,200
Establishments.	90,490	1,07,001	1,12,415	1,29,286	1,36,552	1,60,714	1,64,400	1,63,600
Total expenditure.	5,57,491	5,69,587	5,31,374	5,74,268	6,30,940	11,68,497	11,15,400	7,11,400

(4) *Proposals.*—(*i*) Omitting the provisions for fees for counsel for the Meerut conspiracy case and for secret service contingencies from the 1931-32 grant, Rs. 4·22 lakhs is the provision for the Bureau. This Sub-Committee is not in possession of the necessary data relating to the activities of the Bureau and therefore is not in a position to undertake a detailed examination of its budget. But it sees no reason why, when other departments are called upon to undergo heavy reductions, this Bureau should not bear its share of the retrenchment necessitated by Government's financial situation. Apart from the scales of pay and special pay on which this Sub-Committee will make its proposals separately, it recommends that a reduction of 10 per cent. in the grant of 4·22 lakhs for the Bureau proper should be made. This reduction should be in addition to the reduction of Rs. 5,200 on account of the fact that the supernumerary Superintendent of Police (for 4½ months) for whom that provision was made has now retired. In round figures, the 1932-33 estimates should be brought down to Rs. 3,75,000 *plus* the provisions for counsel's fees and secret service contingencies.

(*ii*) We further recommend that a serious reduction should be made in the provision (2·60 lakhs) for secret service contingencies also.

CHAPTER VIII.

GRANT No. 41—CENTRAL BOARD OF REVENUE.

1. *History.*—The Board of Inland Revenue (only one Member) used to deal only with income-tax, the administration of which had been overhauled by the Income-tax Act of 1922. The Inchcape Committee recommended that it should also deal with customs, salt, opium and, in so far as they concerned the Central Government under the reformed constitution, stamps and excise. This recommendation eventually led to the establishment of the Central Board of Revenue.

2. *Organisation.*—It consists of two members drawn, as a rule, one from the Income-tax and the other from the Customs departments. The Members as well as the Secretary all belong to the I. C. S. None of the three posts is, however, reserved for the I. C. S. The establishment consists of one senior Superintendent (called Personal Assistant), two other Superintendents, 36 first and second division clerks, four stenographers and 29 servants. The temporary establishment of one Assistant and two clerks is practically permanent.

3. *Functions.*—The Board is, broadly speaking, only a co-ordinating and rule-making authority. In Income-tax, Opium and Salt matters it has no powers of appeal or revision. In Customs cases it has certain appellate powers, and as Finance Department (Central Revenues) it has some powers of revision. Apart from the supervision of the administration of the Opium Department, the Board's concern with opium and drugs is, broadly speaking, confined to the implementing of the international conventions relating to opium and narcotics. Other excise work is nominal. As regards stamps it makes rules for the supply of stamps from Nasik and issues exemptions and interprets the stamp law in its capacity as a branch of the Finance Department. The day-to-day administration of excise, stamps and opium in the minor administrations is a duty of the local authorities and not of the Central Board of Revenue.

4. *Growth of expenditure.*—Expenditure and staff have grown as below :—

(*i*) Expenditure (in thousands of rupees) :—

	1924-25.	1926-27.	1931-32.
	Rs.	Rs.	Rs.
Pay of officers	116	139	150
Pay of establishments	59	81	95
Allowances, etc.	3	40	42
Contingencies	21	20	18
Grants-in-aid, etc.	..	..	1
Total ..	241	280	307

(*ii*) Staff :—

	Officers.	Assistants.	Clerks.	Servants.
1924-25	5	8	10	17
1931-32	6	17*	19*	29

**plus* some temporary staff.

5. *Proposals.*—In the cause of retrenchment the Board has offered to cut out, as an experiment, its Secretary of the present status and one of the four stenographers and has offered some other minor economies.

The Central Board of Revenue is a comparatively recent institution and its

office is not large. All the same we think a considerable reduction of expenditure is feasible. Our proposals are :—

(*i*) In the light of the material supplied to us including the oral evidence given by the Board we consider that there is no need to have two highly paid officers as Members. Its work is to a great extent purely administrative; its semi-judicial work is but slight. It is true that it functions not merely as an attached office but also as the Central Revenues Branch of the Finance Department. But, our view is that with suitable decentralisation the work which it *must* get is not more than one Member can cope with. We recommend that when the present senior Member retires, the Board should consist of one Member and not two. This Member might possibly be called Chief Commissioner of Central Revenues. Our colleague, Mr. Nixon, is not yet satisfied that a single member is a sound or a practicable arrangement.

(*ii*) The Board is trying the experiment of carrying on its secretarial work with a senior Superintendent. In our opinion this is not a sound arrangement. In connection with our proposal that the Board should consist of only one Member we think that the Secretary should be an officer of seniority and experience and drawn from one of the major departments (*i.e.*, Customs and Income-tax) under the Board's control, and as far as possible the selection should be so made that if the Member is drawn from the Income-tax Department, the Secretary is drawn from the Customs Department and *vice versa*.

(*iii*) The ministerial establishment should be reduced by one-sixth. The employment of additional temporary staff in connection with the budget session of the Legislature should, in our opinion, enable the Board to carry on its work with the staff reduced as proposed by us.

(*iv*) In any case we consider that four stenographers are excessive and we propose that their number should be reduced to two.

(*v*) We observe that one Superintendent's post is a recent creation. Early opportunity should be taken to abolish this post.

(*vi*) We consider the provision of Rs. 15,000 for contingencies excessive. This provision should be reduced by Rs. 2,500 if the Board continues in future to move with the Government of India and by Rs. 7,500 if it does not.—In para. (6) we shall assume the former.

6. *Summary of Savings.*—On our proposals the savings (leaving out of account those resulting from the application of our general proposals) will approximately be :—

(*i*) Rs. 42,600—Member and his passage contribution, (*ii*) Rs. 8,160—Superintendent, (*iii*) Rs. 1,400—leave salary, (*iv*) Rs. 6,600—two Stenographers, (*v*) Rs. 14,000—reduction of other establishment by one-sixth, (*vi*) Rs. 6,000—travelling allowance, and (*vii*) Rs. 2,500 contingencies=Rs. 81,760.

We recommend that the budget estimates for 1932-33 should be framed on the lines indicated in our scheme for retrenchment.

CHAPTER IX.

GRANT No. 45—POLICE.

1. *Explanation of the grant.*—This grant of 1·99 lakhs does not deal with the cost of police administration in the central areas but only with the following items (estimated provision for 1931-32 is shown in brackets) :—

(*i*) Baroda Cantonment Police (Rs. 8,500) ;

(*ii*) Passport work done at Bombay (Rs. 7,000) ;

(*iii*) Passport work done at Aden (Rs. 3,000) ;

(*iv*) Lump sums paid (for the guarding of Central Government buildings, premises, etc.) to the following provincial governments :—

(*a*) Bombay (Treasury, Mint, Currency Office, Income-tax Office, Wireless Station at Karachi, Hedjaz pilgrim traffic arrangements) (Rs. 60,000).

(*b*) Bengal (non-commercial offices, Reserve Stamp Depôt, Hedjaz pilgrim traffic, share of civil offices located in the military secretariat buildings) (Rs. 93,000).

(*c*) United Provinces (Ghazipur Opium Factory, Currency Office at Cawnpore, Survey of India offices at Dehra Dun, escorting of cash from Almora to Muktesar) (Rs. 16,000).

(*d*) Punjab (Residence of Agent to the Governor General, archæological camp at Taxila, protection of Lahore Fort) (Rs. 8,000).

(*e*) Bihar-Orissa (Treasury guard at Pusa) (Rs. 2,000).

(*v*) Other expenditure (Rs. 1,500).

2. *Proposals.*—A perusal of the list (mentioned in paragraph 1) of the offices and buildings and central activities which are in receipt of special police protection shows that, in some cases, at any rate, the special police protection could be dispensed with or at least reduced. In other cases such protection could be afforded more economically by replacing the provincial police guards by ordinary guards recruited from, *e.g.*, army pensioners, who could, wherever necessary, be specially empowered under the Police Act. In our opinion a saving of at least Rs. 30,000 should be possible in this grant and endeavour should be made to bring it about.

CHAPTER X.

GRANT No. 48—SURVEY OF INDIA.

1. *Explanation of the grant.*—The budget for this department for 1931-32 is as below :—

	Rs. lakhs.
Control and administration	.. 1·61
Headquarters offices	.. 11·61
Mathematical Instrument office	.. 3·74
Survey parties	.. 38·46
Works	.. ·19
English Stores	.. 3·95
Deduct— "Probable Savings"	.. —·20
Gross total	.. 59·36
Recoveries from other departments, Governments, etc.	—17·86
Net total	.. 41·50
Receipts	.. 5·76

An analysis of the various elements making up these sums is complicated. The Committee contents itself with stating that the main items under Headquarters offices are the Drawing and Photo-lithic offices at Calcutta and the Geodetic Branch office at Dehra Dun. The field organisation consists of 14 parties and two Companies. The field units work in circles each with a local headquarter staff and drawing office.

2. *Organisation.*—The cadre of the department provides for the employment of 51 military officers as a military reserve, of which 14 posts are at present not so filled. The superior posts comprise a Surveyor-General on Rs. 3,250, seven Directors on Rs. 2,200—2,400 *plus* £13-6-8 and 33 Superintendents and Assistant Superintendents on rates of pay rising to Rs. 1,750 *plus* sterling overseas pay The department is organised so as to supply fully equipped survey units in case of war. A certain amount of scientific work is done in the department apart from its main programme of surveying, map drawing and reproduction.

3. *Question of a military reserve.*—It is not within the powers of this Sub-Committee to investigate the manner of providing in civil employment for reserves of military officers. The Sub-Committee therefore proceeds to consider the survey needs and possibilities of India irrespective of that feature, and presumes that it will be accepted that a civil department should not be maintained merely in order to accommodate a specified number of military officers.

4. *Proposals.*—(*i*) In the view of the Sub-Committee it will be essential to maintain the following—

(*a*) Map Record and Issue office, at present costing Rs. 1·06 lakhs.

(*b*) No. 1 Drawing office in some form or other, at present costing Rs. 2·10 lakhs.

(*c*) Photo-l thic office, Calcutta, reduced from its present cost of Rs. 2·94 lakhs to Rs. 1·94 lakhs

(*d*) Mathematical Instrument office, at present costing Rs. 3·74 lakhs (exclusive of the expenditure on stores, etc., in England.) The Indian budget should be reduced to Rs. 3·50 lakhs at the most and the maximum provision for English stores for this office put at Rs. 2 lakhs.

(*e*) Tidal party at a cost of Rs. 20,000.

(*f*) Latitude detachment at Dehra Dun costing Rs. 34,000.

An endeavour should be made to make the price of maps (including those issued to Government officers and departments) cover the cost of (*a*) and the proportionate cost of (*b*) and (*c*). Item (*d*) may be taken as self-supporting. Item (*e*) is essential. Item (*f*) is of sufficient scientific importance to be retained.

(*ii*) It may be taken that the whole surface of India has at one time or other been mapped, and that present operations are of the nature of revising and improving the survey. These modern methods date from 1905 and five-ninths of the total area of India (including presumably the most important areas) have already been so dealt with. So far therefore as field work is concerned, only such parties as are engaged on work, not less than 2/5ths of the cost of which are recoverable, should be continued. These for the present would seem to be :—

	Rs. lakhs.
No. 20 Party Cantonments	·75
No. 23 Party Navigation	3·46
No. 10 Party Burma and possibly No. 11 Party, if revived ..	4·99
No. 21 Party Forests, Burma	2·46

No. 18 Party and E & A Companies should be retained only if the Army Department is prepared to bear the full cost of its interest in the work, and only if its share comes to not less than 2/5ths of the whole cost which is 4·74 lakhs.

(*iii*) Circle headquarters, if such a restricted programme is accepted, should hardly be necessary at all, and, at any rate, except perhaps for Burma, all drawing work should be done at Calcutta. The geographical map work done at Calcutta should be limited by this fact and by the budget provision, subject perhaps to additions for any fully recoverable work.

(*iv*) The additional control and administrative staff should not be permitted to cost more than Rs. 60,000 and the remaining English stores should be met by a provision of Rs. 30,000.

(*v*) The Surveyor-General complained before the Sub-Committee that for persons engaged on outdoor survey work the present age of superannuation resulted in a lot of waste expenditure in his department. The Sub-Committee recommends that Government should consider whether any special rule should be made to meet this situation

5. *Summary.*—In the total, the Sub-Committee's approximate estimate is that the gross cost of the Survey of India should not, for the present, exceed about Rs. 30½ lakhs and the net cost Rs. 14 lakhs. The proceeds of the sale of maps, etc. (Rs. 5¾ lakhs budgeted for 1931-32) would still further reduce the net cost. We have asked the Department to work out their scheme on these lines for our consideration in connection with the second part of our report.

CHAPTER XI.

GRANT NO. 49—METEOROLOGY.

1. *Functions.*—This department was instituted in 1875 to combine and extend provincial meteorological activities. Its functions are (*i*) the issue of warnings of storms to ports, ships and coastal districts, and of heavy rainfall to the public, (*ii*) issue of weather reports and forecasts to the public and to aircraft, (*iii*) collection of meteorological data and climatological statistics, (*iv*) meteorological research with special reference to the tropics, (*v*) technical supervision of rainfall registration, (*vi*) a regular study of the sun and the determination of time and the issue of time-signals, and (*vii*) maintenance of seismological instruments at various centres.

2. *Air Navigation Convention.*—Prior to the advent of aviation there was a central office at Poona, five principal sub-offices at Calcutta, Agra, Bombay, Kodaikanal and Madras and 26 pilot balloon and 270 weather observatories all over India and Burma and in some of the countries to the west of India. Under the International Convention of Air Navigation, Government overhauled and extended the arrangements for the provision of meteorological facilities for the main international air route between Cairo-Karachi-Delhi-Calcutta-Rangoon. Forecast centres were set up at Quetta, Peshawar, Karachi, Delhi and Rangoon, and the existing offices at Calcutta and Poona were extended. A very large share of the sudden and heavy increase in the total expenditure was caused by the exigencies of aviation.

3. *Organisation.*—(*i*) The Department is administered by a Director-General of Observatories with headquarters at Poona. Meteorological offices or observatories or both are also maintained at the following centres, viz.:—

(*a*) *Agra.*—Upper air observatory.

(*b*) *Bombay.*—Observatories at Colaba and Alibagh.

(*c*) *Calcutta.*—Observatory at Alipore.

(*d*) *Madras.*—Observatory and Office.

(*e*) *Karachi.*—Office.

(*f*) *Kodaikanal.*—Solar Physics Observatory.

(*g*) *Delhi, Quetta and Peshawar.*—Offices.

There is also a large number of minor observing stations.

(*ii*) The sanctioned strength of officers is—

(*a*) One Director-General (Rs. 1,750—100—2,250 *plus* O. P.).

(*b*) 19 Meteorologists (Rs. 400—50—1,250).

(*c*) 17 Assistant Meteorologists (Rs. 250—25—800).

(*d*) Director of the Kodaikanal Observatory (Rs. 1,250—50—1,500+O.P.).

4. *Growth of expenditure.*—The department is estimated to cost Rs. 21,48,000 in 1931-32 in addition to overseas pay paid abroad. The

following figures illustrate the growth of staff and of expenditure since 1913-14 and particularly in recent years.

——	1913-14 (actuals).	1922-23 (budget).	1924-25 (actuals).	1929-30 (actuals).	1931-32 (budget).
(*a*) No. of officers	13	14	14	55	37
	Rs.	Rs.	Rs.	Rs.	Rs.
(*b*) Total expenditure	4,27,266	7,14,000	6,67,525	12,90,012	21,48,000
Cost of telegrams	..	1,63,000	1,37,850	2,16,135	8,43,500
Establishment etc., at Agra ..	..	13,650	1,03,854	1,97,127	2,75,200
Karachi (air service) ..	..	..	..	27,267	36,700
Delhi office	..	..	..	*Nil.*	35,400
Rangoon office	..	..	..	*Nil.*	45,100
English charges	..	..	..	70,040	1,29,000

5. *Proposals.*—The rapid growth of expenditure was caused in the main by the development of aviation—both civil and military. Our proposals for its reduction are :—

(*i*) The Committee were given to understand that if the requirements of the Meteorological Department in the cause of Civil Aviation were restricted generally to giving facilities at the two air ports of India, it could, by various adjustments in expenditure, make an annual saving of about 4 lakhs. In accordance with our recommendations on the grant for Civil Aviation, we consider that this change should be effected in the meteorological budget.

(*ii*) In addition, however, we consider that this Department's total budget for 1932-33 should be brought down to 15½ lakhs.

(*iii*) We suggest certain lines of action along which the reduction of expenditure can in our opinion be effected. But, in the case of this technical department with its ramifications all over India we do not propose to go into detail. We have asked the Department of Industries and Labour to work out a scheme and place it before us so that we may consider it in connection with our final report. Our own suggestions are :—

(*a*) The Kodaikanal work might be suspended for the present.

(*b*) Possibly some other items of theoretical scientific work done in the observatories might be suspended.

(*c*) The normal activities of agricultural meteorology might be reduced.

(*d*) A 10 per cent. reduction might be made all-round in the present establishments at Poona, Alipore, Madras, Bombay, Agra and at other places.

(*e*) Possibly the Director-General could himself undertake the duties of the Meteorologist at Poona.

(*f*) Some of the less essential stations might be cut out.

(*g*) The practice of part-time meteorologists which used to be in force at one time might be reverted to in some places.

(*h*) Some Assistant Meteorologists might be replaced by observers on lower scales of pay.

6. On our proposals the gross savings will be 5·98 lakhs.

CHAPTER XII.

GRANT NO. 50—GEOLOGICAL SURVEY.

1. *Functions.*—The primary function of this Survey is to investigate and estimate the mineral resources of India. A systematic field survey is undertaken for the determination of the geological structure of the country.

Organisation.—Its present staff is (*i*) a Director on Rs. 3,000, (*ii*) six Superintendents on Rs. 1,500—100—2,000, (*iii*) twenty-two Assistant Superintendents on Rs. 400—50—1,200, (*iv*) six Sub-Assistants on Rs. 250—20—650, (*v*) a Chemist on Rs. 400—50—1,200, and (*vi*) an Artist on Rs. 350—15—600. The present incumbent of the Artist's post is on a scale personal to him and also gets a personal pay in addition. Overseas pay is also drawn at the usual rates by those entitled to it.* The establishment of 38 for India proper consists of an Assistant Curator, Museum Assistants, Draftsmen, Field Collectors, Assistant Chemist, clerks and others. There are also 5 compositors and 41 servants. Burma has a separate establishment of 22. For work both in India proper and in Burma there are provisions of Rs. 5,500 and Rs. 1,700, respectively, for temporary establishments.

* £13-6-8 by Director and five of the Superintendents and £25 or £30 by 12 Assistant Superintendents and Chemist.

2. *Growth of expenditure.*—The following table shows the growth of staff and of expenditure :—

	1913-14.	1920-21.	1924-25.	1931-32.
Expenditure	3,06,000	4,37,000	4,58,000	5,69,000
No. of Officers	22+1†	20	37	37
No. of Establishment	55	55	77	106

† Assistant Curator who is now shown under Establishment.

Since nearly three-fourths of the budget provision is on account of the pay and allowances of officers, any serious scheme of retrenchment must necessarily be based on a substantial reduction of the number of officers or of their scales of pay or both.

3. *Proposals.*—The sub-Committee holds that if the survey were to be closed down, the loss to India from both the economic and the scientific points of view would be out of all proportion to the immediate relief to the revenues, and the burden of compensations which would have to be paid would be a heavy drag, and that public opinion in India would not accept such a drastic measure. It is, therefore, in favour of retaining the survey. Our official colleague—Mr. Nixon—however, urges that on grounds of financial necessity it should be closed down altogether or for a term of years.

The Industries and Labour Department stated that *in the last resort* they would be prepared to cut the department down to a nucleus staff of eight including the five headquarters posts. Such a drastic course would result in economy, but there would be little return for the expenditure on the nucleus staff kept in " cold storage ".

Our view is that in the life of this 80 years old survey a stage has been reached when new discoveries are made at a much slower rate : during the last decade few mines of importance have been brought to light. Hence, even apart from the financial exigencies, we consider that there is justification for a reduction of the staff and some restriction of field activities. We have therefore

tried to evolve a scheme which will reduce expenditure very substantially without, however, crippling the survey.

We hold that this survey has an excessive proportion of highly paid class I officers (*viz.*, 31 out of 37), even when allowance is made for the fact that its work is scientific, and that advantage should be taken of the present occasion to reorganise it on proper lines.

4. *Scheme.*—Our scheme is to reduce the number of officers so as to retain the following :—(*i*) One Director, (*ii*) three Superintendents including one for Burma, (*iii*) ten Assistant Superintendents, (*iv*) six Sub-Assistants.

We find that four of the six Superintendents have already, or will soon have, completed 25 years' service ; it should not be difficult to reduce their number by *at least* three. The present Chemist and Artist are both unduly expensive. The former will have completed 25 years' service in November 1931, and can be retired. The Director's own scheme contemplates the abolition of the Artist's post. Hence, these posts too should at present be brought under reduction. Among the Assistant Superintendents the position is not so favourable, since only two have completed 25 years of service ; compensations will have to be paid to those who are discharged.

Our proposals will leave a superior executive staff of 20 officers of whom 14 will be of class I status. We find that at present, during the Chemist's leave, the Assistant Chemist is carrying on the Chemist's duties ; this arrangement should be continued for some time. If actual experience demands it, a chemist may be appointed afresh on a substantially reduced scale of pay. Similarly an artist can also be engaged in the non-gazetted establishment if a special post of artist is proved to be inevitable.

We further propose that as vacancies among Superintendents and Assistant Superintendents occur, the addition to the superior staff should be made only at the bottom, *i.e.*, in the cadre of Sub-Assistants. The Assistant Superintendents and Sub-Assistants may be re-designated as Superintendents and Assistant Superintendents.

In this connection we should point out that the survey had a staff of 22 (*plus* 1 Assistant Curator) in 1913-14 and of 20 in 1920, and that our scheme of 20 officers with the possible addition at a later stage of a Chemist, is not materially different from the Director's own scheme of 26 officers. (In our opinion a separate post of Curator is not needed ; palæontological work can be suspended or done during the hot weather. An unattached post cannot be maintained, and for work in the provinces 14 or 15 officers would be almost as good as the 16 proposed by the Director.)

5. *Savings on officers' pay.*—Leaving out compensations and premature pensions, our scheme will yield the following savings, on officers alone, *viz.*, (*a*) immediate Rs. 2,67,200 ; (*b*) including "non-effective" Rs. 3,22,710.

6. *Other economies.*—Our minor proposals for economy are :—

(*i*) We do not think there is any need to pay a duty allowance for the Curator's or the Palæontologist's work. If these allowances are cut out, there will be a saving of Rs. 3,600 per annum.

(*ii*) The provision for travelling and other allowances should be cut down by at least Rs. 35,000 for officers and Rs. 5,000 for establishments. Reduction of staff and of the rates of travelling allowance,

the alteration of the proportion of class I to class II officers and some restriction of field activity and its greater concentration afford the justification for our proposal to reduce the provision for travelling allowance and other allowances from Rs. 1,06,000 to Rs. 66,000. (The provision of Rs. 25,100 for Burma remains intact.)

(*iii*) House-rent allowances and the concession of rent-free quarters should, generally speaking, be abrogated, especially when the staff is recruited for work at a particular centre. (Mr. Nixon dissents on this point). We have not taken account of this in our proposed reduction of Rs. 40,000 in the grant for travelling and other allowances.

(*iv*) The existing provision of Rs. 1,700 for the medical treatment of British officers is liable to lead to over-budgetting and should be reduced to Rs. 200. There will also be some saving in the provision of Rs. 15,000 under "Cost of Passages" but it cannot be calculated.

(*v*) We concede that a reduction of the establishments in proportion to the reduction among officers is not possible. Even then a reduction of one-fifth can be safely proposed. This would yield a saving of nearly Rs. 12,500. The provision of Rs. 5,000 for field establishment should be reduced to Rs. 2,500 Total saving, Rs. 15,000. (NOTE.—The reduction in Burma need not be in the same proportion as in India proper.)

(*vi*) Supplies and services should be cut down from Rs. 42,100 to Rs. 25,000 (The Director's own proposal even on a full programme was to cut this down to Rs. 30,000).

(*vii*) Contingencies should be reduced from Rs. 11,100 to Rs. 6,100.

(*viii*) The provision for English stores should be reduced from Rs. 9,000 to Rs. 3,000. (Even on a full programme the Director's own proposal was to make a reduction of Rs. 4,060.)

7. *Summary.*—Thus the immediate reduction of expenditure, apart from that resulting from the application of some general proposals which we shall make, will be about Rs. 2,67,200 *plus* 88 200 = 3,55,400 = 62½% of the 1931-32 budget. Including the non-effective charges (on officers only) the savings will be Rs. 4,10,910. We recommend that the 1932-33 budget should be reduced by 3½ lakhs to about 2·20 lakhs; this will allow an extra Rs. 6,400 as a margin for the fact that we have so far ignored "probable savings". We may add that during the quinquennium 1913-14 to 1918-19 the average annual expenditure was 2·37 lakhs.

8. *Royalties.*—The Department of Industries rightly lays great stress on the important results of the activities of the Geological Survey as reflected in the revenue derived from royalties and taxes on the incomes of the companies and individuals connected with the working of the mines in addition to the employment which the mining industries give to several hundred thousands of men. A study of the facts in this connection has brought into prominence the question whether exploration of the mineral resources of the country—an

exhaustible asset—mainly through the efforts of this department benefits the revenues of India to the fullest possible extent. In British India the mines containing different kinds of minerals are the property of Local Governments except in the permanently settled areas where they belong to the zamindars, while the mines acquired by the State Railways are the property of the Central Government. The State of Mysore in whose territory the Kolar gold-fields are situated has a geological department of its own ; otherwise the geological survey of India serves not only British India but the Indian States as well. The Department charges no fees for the examination of the specimens sent by zamindars and other private individuals or the Indian States or for any other information which it supplies to them. The Local Governments charge a certain royalty on the minerals that are raised by the companies or individuals, to whom the mines are leased, at the following rates :—

	1914-18 average production.	Basis of calculation of royalty adopted.	Rate of royalty.	Amounts.
				Rs.
Coal	17,951,583 tons	Value at mines, Rs. 66,28,610.	5 per cent ..	33,14,380
Gold	586,579 ozs. ..	Gross value £2,258,653.	2½ per cent ..	8,46,990
Petroleum ..	70,648,530 barrels	Production ..	8 as. barrel	35,32,426
Mn.-ore ..	491,902 tons ..	Production ..	4 as. ton ..	1,22,975
Tungsten ..	3,473 tons ..	Spot-value, Rs. 69,25,470.	2½ per cent.	1,73,137
Mica	49,621 cwts. ..	Export value, Rs. 56,00,550.	5 per cent.* ..	2,80,028
Lead ore ..	14,858 tons ..	Spot value, Rs. 53,84,550.	2½ per cent ..	1,34,614
Silver	967,166 ozs. ..	Gross value, Rs. 20,38,935.	2½ per cent.	50,998
			Total ..	84,55,548

* Should be spot value, figures for which are not available.

9. *Proposals re*: *royalties and mineral policy.*—These rates are *prima facie* very low and it was admitted before us by the Director that the zamindars generally speaking charged higher rates of royalty for minerals worked on their properties and also that the rates fixed by the Government of India compared unfavourably with the royalties charged in some other countries. We are clearly of the opinion that Government should take the earliest possible opportunity to revise its mineral policy, for we feel that Indian public opinion is not satisfied that the mineral wealth of India which belongs to the people is not given out to prospectors on too easy terms. We are told that the rates of royalty have on more than one occasion been subjected to scrutiny by the Secretary of State for India and the Government of India. We have however no hesitation in urging upon Government the need for overhauling its entire mineral policy and we recommend that a strong Committee representative of informed public opinion be formed to examine the position with the aid of unbiassed expert advice. We further recommend that standing committees of the Central and Provincial Legislatures be formed to supervise the execution of such mineral policy as may be laid down.

CHAPTER XIII.

GRANT NO. 51—BOTANICAL SURVEY.

1. *Functions.*—This survey is charged with the scientific botanical survey of India. It also maintains the Industrial Section of the Indian Museum and collects specimens, prepares drawings, exhibits botanical (including cinchona) products, and collects and disseminates information regarding medicinal, food and fodder, timber and other economic plants and products. It is surveying the possibility of building up the emetine industry in India. The plantation of cinchona trees and the sale of cinchona products are also in its charge.

Owing to lack of funds its field activities had been held in abeyance but were revived in 1929-30.

2. *Organisation.*—The Superintendent of the Royal Botanical Garden, Sibpur, who is an employee of the Bengal Government is *ex-officio* Director of this survey and is given a special pay of Rs. 400 and a conveyance allowance of Rs. 100. The Industrial section of the Indian Museum is in charge of a Curator. There are two " systematic assistants " for scientific work. The cinchona plantations are in Burma and are in charge of a Superintendent who gets Rs. 750 *plus* a duty allowance of Rs. 250, Burma allowance of Rs. 120 and a house-rent allowance of Rs. 50.

The establishment for the survey consists of an Assistant Curator and clerks (15 in all) and 12 servants and some temporary establishment. The cinchona plantation establishment (permanent) consists of an overseer, a Sub-Assistant Surgeon, a clerk and a watchman.

3. *Growth of expenditure.*—The estimated expenditure in 1931-32 is Rs. 2,98,000 of which Rs. 58,900 is for the survey proper, Rs. 2,37,100 for the cinchona plantations, and Rs. 2,000 for English stores.

Expenditure on the survey proper has grown as below :—

1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Rs. 45,082	Rs. 53,050	Rs. 46,724	Rs. 53,375	Rs. 58,900

4. *Proposals.*—(*i*) We propose that the budget for the survey proper should be reduced to an amount between Rs. 25,000 and Rs. 30,000. Though we do not propose that its future work should be restricted to strictly " museum " work, we recognise that our proposal will hardly leave much margin for scientific work. The post of the Director, *ex-officio*, should be abolished If the present Curator could be put in charge of the cinchona plantation in Burma, substantial savings could be effected, but in the absence of detailed information we are unable to make a specific recommendation.

(*ii*) As regards the Industrial Section of the Museum, our recommendation is that it should be placed under the administrative control of a single officer

for the entire Museum. (*Vide* our proposals relating to the Indian Museum, Chapter XVII). We think that a Curator of the present status should be retained.

(*iii*) We do not propose to preclude the continuance of such scientific work as can be managed by the reduced staff within the financial limits proposed by us. Since many universities maintain departments of botany, we recommend that they as well as other scientific bodies should be encouraged to take up the purely scientific work of this survey.

5. *Cinchona plantations.*—

(*a*) *Expenditure.*—As regards the cinchona plantations really useful comparative figures of the growth of expenditure cannot be given, since the policy and the methods have varied materially. It may suffice to say that the pay etc., of officers and establishments have gone up from Rs. 32,543 in 1924-25 to Rs. 38,600 in 1931-32.

(*b*) *Proposals.*—Our proposals on this subject are that no extension of the plantations should be permitted at present. Excluding the provisions of Rs. 1,60,000 for plantation, implements, stores etc., and Rs. 35,000 for the extraction of quinine, the 1931-32 budget provision is reduced to Rs. 42,100 ; out of this a permanent reduction of Rs. 9,760 due to the abolition of the post of Assistant Superintendent is offered by the Department and may be accepted. But this economy is only a normal saving which would have accrued in any case. We hold that the other provision should be cut down so as to save Rs. 15,000. In this connection, we think that the duty allowance to the Superintendent should be revised since his duties under our proposals will be rendered much lighter. The economy offered under " plantation " and " extraction " is Rs. 80,000. Since this offer is based on the policy we are recommending, we do not propose to raise it to a figure higher than Rs. 85,000. Thus, the cinchona grant should be cut down by Rs. 15,000 *plus* Rs. 85,000 = Rs. 1,00,000.

6. The budget of this survey for 1932-33 should be brought down to Rs. 30,000 + 1,37,000 = Rs. 1,67,000.

CHAPTER XIV.

GRANT NO. 52—ZOOLOGICAL SURVEY.

1. *Functions.*—This survey was instituted in 1916 and inherited the duties of the Zoological and Anthropological section of the Indian Museum. Besides maintaining that section it acts as a guardian of the zoological collection of the Indian Empire and obtains and utilises information about the systematic and geographical zoology of India.

The Department attaches relative importance to its activities in the following order :—

(*i*) Maintenance of the exhibits in the public galleries ;

(*ii*) Field work ;

(*iii*) Care and maintenance of the collections ; and

(*iv*) Research.

2. *Growth of expenditure.*—Its present expenditure of Rs. 2,30,000 and its staff have grown as below :—

	1913-14.	1922-23.	1924-25.	1927-28..	1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.
(A) Expenditure—					
Pay of officers	38,080	53,600	43,380	64,214	89,500
Pay of Establishments ..	25,300	43,260	38,503	50,516	67,000
Allowances, etc.	3,010	10,500	8,698	23,729	29,900
Supplies and Services ..	33,910	35,440	41,880	29,588	29,600
Contingencies	26,060	11,800.	13,572	16,226	14,000
Grants-in-aid	..	25,000	..	..	..
Total ..	1,28,711	1,77,000	1,46,133	1,84,273	2,30,000
(B) Staff—					
(*a*) Officers	5	4	5	7	*8
(*b*) Ministerial	19	29	27	35	46
(*c*) Servants	75	34	33	33	40

* Includes the temporary post of Research Officer, Andaman Fisheries.

3. *Proposals :—*

(*i*) There are eleven universities in India with departments of zoology. Zoological survey work is not normally of a systematic nature and the work of the universities could and should be of the nature which must overlap the activities of a Government zoological department. Further, zoological survey cannot be said to have an economic value. We therefore feel justified in proposing that the budget for 1932-33 should be brought down to Rs. 60,000 including the amount (not exceeding Rs. 12,000) which may be found necessary for fisheries work. In view of its economic importance we think fisheries work should be continued, but it should be placed under the control of the Andamans

administration. In view of the importance of anthropology to a country like India and the facts that this subject has been prescribed for certain important examinations and that facilities for its study are still uncommon, we deem it desirable to continue that section. Finally, we might make it clear that we have no objection to the continuance of such purely scientific work as can be carried on by the staff that will be left.

(*ii*) We recognize the serious curtailment of work which our proposals involve, but we feel that the essential duties can still be carried on with the budget proposed by us, provided that all unnecessary items of expenditure are deleted. In particular, we think the survey should not have such an expensive Director. The Superintendent should take administrative charge of the entire Indian Museum under the Trustees without extra emoluments and only a suitable share of his salary should be debited to the Zoological Survey. We observe that study-leave has been given liberally in the past (*viz.*, to 5 out of the 7 existing officers) ; this concession should for the present be severely restricted. Since the staff is recruited for work at Calcutta, the grant of compensatory and house-rent allowances and the concession of rent-free residential accommodation should be abrogated. *Prima facie* some of the duties can be " doubled-up".

CHAPTER XV.

GRANT NO. 53—ARCHÆOLOGY.

1. *Historical.*—(*i*) Prior to the introduction of the Reforms, conservation (as distinct from excavation) was a liability of the Local Governments and the greater part of the cost of conservation was paid for from provincial revenues. The Government of India used to give grants-in-aid (about a lakh). The Director-General, as adviser to the Government of India, used to administer these grants, but the Superintendents in charge of circles were under the Local Governments' control till 1927.

(*ii*) *Cost.*—The estimate for 1931-32 is Rs. 16·01 lakhs. The expenditure in 1913-14 including the amount expended from provincial revenues was 7·70 lakhs.

2. *Organisation.*—Up to 31st July 1931 the department had the following sanctioned staff :—

(*i*) A Director-General (Rs. 1,750—2,250 *plus* £13/6/8 O. P.), (*ii*) two Deputy Directors-General, (*iii*) eight Superintendents in charge of circles, (*iv*) one Superintendent in charge of the Museum at Calcutta, (*v*) five* Assistant Superintendents, (*vi*) one Assistant Superintendent for Exploration, (*vii*) one special officer for excavations, (*viii*) two Assistant Engineers, one for the U. P.† and one for the Punjab, (*ix*) six whole-time Epigraphists and one part-time one (two of these posts are vacant), (*x*) two Chemists at Dehra Dun, (*xi*) a Curator for the Central Asian Antiquities Museum at New Delhi, and (*xii*) one officer on special duty.

The scale of pay for Superintendents and Assistant Superintendents is Rs. 350—50—1,200, but Assistant Superintendents can only go up to Rs. 1,000. These scales apply to all except the Assistant Engineers and the Curator. Each Deputy Director-General gets a special pay of Rs. 250, and the Government Epigraphist a special pay of Rs. 100 p. m. The Assistant Engineers' scale is Rs. 500—25—750 : one of these posts is vacant since 27th August 1931. The Curator's scale of pay is Rs. 350—50—700. The Director of Archæology in H. E. H. the Nizam's Dominions is the Epigraphist for Persian and Arabic inscriptions and is given a special pay of Rs. 150 by the Government of India.

There used to be eight circles including Burma but with effect from 1st August 1931 one circle has been abolished. Each is in charge of a Superintendent ; some of them also have an Assistant Superintendent. The archæological section of the Indian Museum is also in charge of a Superintendent.

3. *Exploration.*—Excavation is in progress at Mohenjo-Daro, Taxila, Harappa, Paharpur, Nalanda and Nagarjunikonda. Mohenjo-Daro excavation is in charge of a Special Officer, and Taxila excavation in charge of Sir John Marshall who has been re-employed (on the pay, including overseas pay and the personal pay of Rs. 250 p. m., which he used to get as Director-General *plus* a special pay of Rs. 250) on a special duty, *viz.*, writing up the accounts of the Mohenjo-Dāro, Harappa and Taxila excavations and preparing certain guide books and monographs.

*Including two leave reservists. †This officer was designated Assistant Superintendent.

4. *Proposals.*—(*i*) Though we recognise the pressing need for retrenchment, we do not consider it desirable that this department which is engaged in work of considerable national importance should be crippled. The Sub-Committee considers that a cut of 5½ lakhs will, as explained below, enable the financial exigencies to be reasonably satisfied without unduly curtailing the department. Our official colleague—Mr. Nixon—holds that its expenditure should be reduced so as to cost not more than 9¼ lakhs in all, but he has given no details of the scheme he has in view.

(*ii*) Excepting the U. P. and the Punjab, conservation work is at present carried out through the agency of the Local Governments' Public Works Departments. We attach importance to the need of properly conserving the more important monuments but except in the case of monuments in and near Delhi and Agra (which can be looked after by a special engineer at Delhi belonging to the Archæological Department) we see little real gain in conservation direct by a departmental agency. Even if the Local Governments do not reduce their usual charge for agency work, the taxpayer as a whole will stand to gain if local Public Works Departments in the United Provinces and the Punjab are invited to undertake conservation of the monuments in the outlying areas and execute it in accordance with the department's instructions. On the department's own showing there will be saving of at least Rs. 5,000 per annum. But since the grant for conservation will be reduced, the savings will in fact be larger. Our proposal will enable the post of one Assistant Engineer (which is vacant at present) to be reduced and the two special pays of Rs. 150 per mensem each to be abolished.

(*iii*) We hold that the expenditure on conservation should be reduced from 6·77 to 4·75 lakhs. The Inchcape Committee proposed that the number of protected monuments should be cut down from 2,511 to about 500; in fact, it has gone up to 2,685. Even the number of monuments under conservation has gone up from 811 to 1,377. In our opinion a judicious selection of the monuments to be conserved and some relaxation in favour of private bodies and institutions, subject to suitable conditions as regards retention of effective control by the department, should enable the department to get the best value for the outlay on conservation.

(*iv*) We further hold that in her present financial condition India cannot afford to spend money on new exploration. This should therefore stop. The post of the Special Officer for excavation should be abolished. A small amount will, however, be needed for the preservation of exposed excavations. Still, there should be a saving of 1½ lakhs under this head.

(*v*) The number of circles should be reduced to six, *viz.*, Burma, Eastern, Southern, Western, Northern and Frontier. The Superintendentship of the archæological section of the Indian Museum should be doubled up with the charge of the Eastern Circle. The Central Circle should be abolished. One of the two circles with headquarters at Lahore has already been abolished with effect from 1st August 1931. These proposals should enable four Superintendents' and Assistant Superintendents' posts to be abolished and some other reduction of expenditure on establishment etc., to be effected. We estimate that the total savings will be about half a lakh.

(*vi*) We are unanimous that Sir John Marshall's special duty which is costing about Rs. 40,000 a year should be brought to an end. The Department should have utilised the material while he still held charge of it. His special duty appears to us to create an embarrassing precedent both of principle and of details. It may not be impossible for the department to arrange for this work to be continued in some manner within the budget provision we have suggested, after his special duty is brought to an end.

(*vii*) In the light of our proposals above, and as exploration is being practically stopped, we consider that the present staff should be curtailed. There should be only one Deputy Director. The Epigraphical Branch should have not more than four officers in future ; we observe that one officer has proceeded on leave preparatory to retirement and another will be due for superannuation in a couple of years. The Epigraphist should be attached to Headquarters ; he can then also serve as an additional Deputy Director, if necessary. There should be only one Chemist and only one Engineer. The Department should thus have 20 officers in future, *viz* :—

(1) one Director, (2) a Deputy, (3) an Epigraphist, (4) six Circle Superintendents, (5) four Assistant Superintendents, (6) three other Epigraphists, (7) one Chemist, (8) one Engineer, (9) one Curator for the Central Asian Antiquities Museum, and (10) one leave reservist.

As regards the post of second Chemist, we understand that the incumbent is going on foreign service. Therefore the abolition of that post might with advantage be held in abeyance; meanwhile, the post should not be filled up.

(*viii*) There should be no special pay for the Deputy Director or the Epigraphist or the Superintendents in charge of the Northern and Frontier Circles.

(*ix*) The Department including its library should be permanently located at Delhi.

(*x*) There is room for economy under other sub-heads, but we need not go into detail. The scholarships should, however, be cut out.

5. *Summary of savings.*—The 1932-33 budget should thus be fixed at 10½ lakhs (*plus* Rs. 13,000 till such time as the Epigraphist retires or goes on leave preparatory to retirement). The economies resulting from the operation of revised scales of pay for future entrants as also the cost of compensation and pensions to the staff that will be discharged have been left out of our calculation.

CHAPTER XVI.

GRANT No. 54—MINES.

1. *Functions.*—The functions of the Mines Inspectorate are statutory under the Indian Mines Act and the rules and regulations made thereunder.

The Inspectorate consists of :—(*i*) one Chief Inspector (pay Rs. 2,100—2,500, *plus* overseas pay £13/6/8). (The present incumbent gets 2,500+ a personal pay of Rs. 250 p. m.), (*ii*) three Inspectors (pay Rs. 1,250—50—1,500, *plus* overseas pay £30), (*iii*) one Electrical Inspector* (pay Rs. 950—50—1,550, *plus* overseas pay £30), (*iv*) five Junior Inspectors (pay Rs. 500—30—950, *plus* O. P. which is drawn by three of the five officers), and (*v*) an establishment of 37—superintendent, surveyors, draftsmen and clerks—and 26 servants, at a total estimated cost of Rs. 56,300.

2. *Growth of expenditure.*—The budget estimate for 1931-32 is Rs. 2,63,000 and the estimated receipts are Rs. 6,000 ; the net grant is Rs. 2,57,000. The expenditure has grown as shown below :—

	1913-14 (actuals).	1922-23 (budget).	1931-32 (budget).
	Rs.	Rs.	Rs.
Pay of officers	46,338	1,28,850	1,46,500
Pay of establishment	24,935	45,720	56,300
Allowances	19,175	37,760	49,400†
Supplies and Services	955	850	10,800 (including 1,000 for English stores).
Contingencies, etc.	6,909	14,150	
Total ..	98,312	2,27,330	2,63,000

Since the Inchcape Committee reported, one Inspector's post has been created and one Junior Inspector's post has been made permanent.

3. *Proposals.*—(*a*) In view of the statutory duties of this Inspectorate and the recommendations of the Labour Commission, we agree that the number of officers should not be reduced. When, however, the present Chief Inspector retires (he completed 55 years of age on 27th August 1931), the number of Inspectors should be reduced to two, and the post of an Assistant Inspector should be created. In future, recruitment to the Inspectorate should, whenever practicable, be made at the bottom, *i.e.*, in the cadre of Assistant Inspectors.

(*b*) In our opinion the scales of pay in this Depar ment are higher than they need be. We are not in a position at this stage to make specific recommendations. We also observe that the scales of pay of the ministerial staff are

* Present incumbent does not draw overseas pay but is drawing Rs. 1,550 in the scale Rs. 1,200—50—1,800.

† Includes the cost of passages and house-rent examination and other allowances.

unduly liberal, and we recommend that these should be revised as soon as possible, especially in the light of the fall in prices.

(*c*) Our other proposals for economy are :—

(*i*) the ministerial establishment should be cut down from 37 to 32 and the number of servants from 26 to 20 ;

(*ii*) the rates of travelling allowance in the provinces with which the Mines Inspectorate is principally concerned have been, or are likely to be, reduced. Under our proposals the number of officers entitled to travelling allowance at first class rates will be reduced by one. The actual expenditure in 1928-29 and 1929-30 was Rs. 34,262 and Rs. 34,734. We therefore feel that the provision for travelling allowance can safely be cut down from Rs. 36,300 to Rs. 30,000 ;

(*iii*) in our opinion house-rent allowances at any centre outside the regular scheme for house-rent allowances should be abrogated ;

(*iv*) if residential accommodation is supplied by Government, it should be charged for according to the usual rules ;

(*v*) we propose that the provision under sub-head (E)* should be reduced to about Rs. 1,500 and that the staff of the Mines Inspectorate should not be paid any fee, allowance or remuneration for work in connection with these examinations. We estimate that the savings will be about Rs. 6,000 ;

(*vi*) the provisions for Supplies and Services and Contingencies should be reduced by Rs. 1,000 and for English charges by Rs. 800.

4. *Summary.*—(*a*) The minimum reduction of expenditure resulting from our proposals will be Rs. 43,500 (*i.e.*, a little over 16½ per cent. of the 1931-32 budget) as below :—

(*i*) Reduction of one post of Inspector and the creation of one post of Assistant Inspector — Rs. 23,400 *minus* (say) Rs. 2,400 = Rs. 21,000.

(*ii*) Reduction of establishment—Minimum saving = Rs. 7,000. We estimate Rs. 8,400.

(*iii*) Travelling allowances, etc., Rs. 6,300.

(*iv*) Examination charges, Rs. 6,000.

(*v*) Supplies and Services and Contingencies, Rs. 1,000.

(*vi*) English charges, Rs. 800.

The 1932-33 budget should be reduced accordingly.

If leave and pensionary charges be also included, there will be an additional reduction of expenditure of about Rs. 5,000, but we leave this out of account in this connection.

(*b*) It will be noticed that under our proposals no compensation will be payable except perhaps in respect of some of the establishments.

* Allowances and other charges in connection with examinations.

CHAPTER XVII.

GRANT NO. 55—OTHER SCIENTIFIC DEPARTMENTS.

1. *Indian Museum, Calcutta.* (*i*) *Explanation of the grant.*—The Government of India make grants-in-aid to the Trustees of the Indian Museum, Calcutta, for (*i*) the maintenance of the Trustee's office, (*ii*) the Art section and Art Gallery, and (*iii*) Rents, rates and taxes. The provisions for 1931-32 are Rs. (*i*) 18,000, (*ii*) 16,900, and (*iii*) 14,400, respectively. The Government of Bengal contribute Rs. 8,300 per annum towards the upkeep of the Art section and the Art Gallery.

In 1922-23 the cost was Rs. 41,260; in 1931-32 it is Rs. 49,300. This amount includes an obligatory payment of Rs. 16,400 for rents, rates and taxes to the Calcutta Municipality.

The staff employed in 1922-23 was 58; it is 62 now.

(*ii*) *Proposals.*—(*a*) The only item under which the Trustees propose to offer a reduction is "Purchase of specimens". The reduction offered is Rs. 4,000, but this amount is reduced to Rs. 2,058, because the Trustees find it necessary to set-off against the proposed surrender of Rs. 4,000 the reduction of Rs. 1,942 made in the grant for rents, rates and taxes. This offer of Rs. 2,058 should be accepted and the Trustees may be prevailed upon to surrender permanently at least another Rs. 3,000, making in all Rs. 5,000.

(*b*) *Unitary administration.*—As regards the Indian Museum, we have one more proposal to make. In our opinion the present arrangement under which the Indian Museum is maintained in sections, some under the control of the Trustees and the others in charge of fairly highly-paid officers employed by the Government of India is needlessly costly. We hold it to be possible to reduce the expenditure on the pay and allowances of these officers if the administrative charge of the Museum is unified and entrusted to one officer working under the Trustees. If the Trustees can be persuaded to accept the arrangement proposed by us, the Superintendent of the Zoological section might be appointed as Director of the Museum without extra emoluments and the various sections might be placed in charge of assistants on substantially lower scales of pay than those now in force. We do not go so far as to suggest that he should be made an employee of the Trustees; we have no objection to a trial being given to the present system under which officers paid by Government hold charge of many of the sections. But, if on administrative or other grounds it be decided, now or later, to vest full control over him and his assistants in the Trustees, we see no strong reason against such an arrangement. For the present all we aim at is unified administrative control and substantial reduction of Government's expenditure on the maintenance of the Museum.

2. *Scientific Societies and Institutes :—*

(*i*) The Government of India also make grants-in-aid to the following scientific societies and Institutes :—

	Rs.
(*a*) Indian Institute of Science, Bangalore	1,50,000
(*b*) Bose Research Institute, Calcutta	1,03,000*

*(The Rs.3,000 is for the printing, etc., of the transactions of the Institute.)

(*c*) Indian Association for the Cultivation of Science, Calcutta 20,000

(*d*) Asiatic Society of Bengal, Calcutta 5,000

(*e*) Bhandarkar Oriental Research Institute, Poona .. 5,000

(*ii*) *Proposals.*—As regards reduction of the expenditure on the items mentioned above the Sub-Committee does not feel justified in making any definite reductions in these grants. (Para. 10 of Chapter I may be seen). Mr. Nixon, however, holds that this group of institutions should also be subjected to retrenchment in common with the departments of Government.

CHAPTER XVIII.

GRANT NO. 56—EDUCATION.

1. *Explanation.*—This demand consists exclusively of direct grants-in-aid by the Government of India and similar minor items of expenditure and is exclusive of the expenditure on education in the minor administrations.

2. *Growth of expenditure.*—Leaving out the non-recurring grants to the Benares and Aligarh Universities the expenditure is Rs. 6,87,000 (estimated) in 1931-32 against Rs. 3,36,000 (actual) in 1913-14 and Rs. 4,17,000 (actual) in 1924-25.

3. *Proposals.*—(*i*) The Sub-Committee is not prepared to propose any definite reduction in the recurring or non-recurring grants to the Benares and Aligarh Universities or to other educational institutions. Mr. Nixon, however, "considers that these institutions should contribute their share in the retrenchment necessities of Government and that the recurring grants should be cut, by steps if necessary, by 10% and that the remaining capital grant to the Aligarh University should be spread out over two years instead of being paid in one year, the Benares University having already got its corresponding instalment".

(*ii*) On the question of grants to the Chiefs' colleges or schools (at Ajmer, Lahore, Indore, Rajkot etc.), our provisional conclusion is that such grants should be abolished, subject to reconsideration in the light of any evidence which the Foreign and Political Department may give us at a later stage.

Arrangements should be made for their inspections by a cheaper agency—if possible, the Local Governments' agency. The cost of passages, leave etc., on account of officers lent to such colleges should not in any way fall on central revenues. We have been given to understand that the grant to one such officer of leave preparatory to retirement coupled with permission to take up employment in one such college was an exception, and we hope that occasions for such exceptional treatment will not arise in future.

(*iii*) On our proposals the reduction of expenditure in this grant will be Rs. 38,000. Besides, there will be a reduction of 6 lakhs in the 1932-33 budget owing to the completion of the payment of the non-recurring grants to the Benares Hindu University.

CHAPTER XIX.

GRANTS NO. 57—MEDICAL SERVICES AND 58—PUBLIC HEALTH.

(A) GRANT NO. 57—*Medical Services.*

1. (*i*) *Explanation of the grant.*—Under the present constitution "Medical" (both administration and education) is a provincial transferred subject. The Government of India maintain a Director-General, Indian Medical Seervice, and his office and certain medical staffs and undertake medical work at certain centres. The cost of medical administration (including grants-in-aid) in the minor administrations is not budgeted for in this grant, but in the "area" grants.

2. *Functions of the Director-General.*—(*i*) These are :—

(*a*) Control of medical administration in the minor administrations, political agencies and at Simla, Gwalior and on the North-East Frontier.

(*b*) Advice to the Government of India, and to Local Governments on medical matters including grants-in-aid.

(*c*) Control of the work of the Imperial Serologist.

(*d*) Control of the five medical store depôts.

(*e*) Recruitment for the I. M. D. and recruitment *in India* for the I. M. S.

(*f*) Posting of I. M. S. and I. M. D. officers, when transferred to the civil side, to (but not *within*) the major provinces and to the Foreign and Political Department and of I. M. D. officers to the Railways.

(*g*) Maintenance of the records of service of all officers of the I. M. S. and I. M. D. and of Army Sub-Assistant Surgeons.

(*h*) "Service" matters, *e.g.*, leave, promotion, pension, discipline, dress etc.

(*i*) departmental examinations.

(*j*) All-India Medical Council.

(*ii*) *Largely military.*—It will be seen that as stated by the Department of Education, Health and Lands "only a portion of the Director-General's work is done for the civil authorities". The I. M. S. and I. M. D. are essentially military services. The expenditure on the Medical Store Depôts and their profits are found among the Army Estimates. The principal minor administrations (*e.g.*, North-West Frontier Province, Baluchistan, Ajmer-Merwara) have their own Chief Medical Officers. The State railways have just reorganised their own medical arrangements.

3. (*i*) *Organisation and cost of activities.*—The Director-General (pay Rs. 3,500) is assisted by a Deputy Director-General (Rs. 2,250 *plus* £30 Overseas Pay), one Assistant Director-General (Rs. 2,000—2,100 *plus* £30 Overseas Pay), one Assistant Director-General for stores work (Rs. 1,750 *plus* £30 Overseas Pay), two I. M. S. Captains and a Bacteriological Officer (these three

officers are a reserve for medical research) and a Chief Superintendent with gazetted rank. One of the Assistant Directors-General is also assistant to the Public Health Commissioner. The total provision in 1931-32 for officers is Rs. 1,61,400. The establishment costs Rs. 1,29,000 in salaries and consists of 42 ministerial and 26 servants. This establishment is used for the office of the Public Health Commissioner also, and 40 per cent. of the charges on this establishment are debited to the Public Health grant. Medical Superintendence, *i.e.*, headquarters work, costs Rs. 3,73,100 including Rs. 68,800 for the Pubic Health Commissioner's office establishment.

(*ii*) The Imperial Serologist and his office cost Rs. 62,900, but receipts exceed expenditure.

(*iii*) The cost of the part-time Chemical Examiner at Bombay, who is paid an allowance of Rs. 100 per mensem, is Rs. 1,720, out of which Rs. 720 is recovered from the Army as their share.

(*iv*) The following district medical staffs and medical activities are also maintained:—

(*a*) Two Civil Surgeons and two Assistant Surgeons at Simla at a cost of Rs. 56,500.

(*b*) A Civil and Military dispensary at Simla costing Rs. 29,100, out of which one-third is recovered from the Army.

(*c*) A Civil Surgeon and three Assistant Surgeons and some medical and other establishments on the North-East Frontier of Assam costing Rs. 31,800 *plus* Rs. 26,200=Rs. 58,000.

(*d*) An Assistant Surgeon and establishment at Gwalior at a cost of Rs. 4,900.

(*e*) An X Ray Institute at Simla costing Rs. 16,300. (The one at Dehra Dun is being closed down.)

(*f*) All-India Medical Council, for which the 1931-32 provision is only Rs. 13,000 but which will require much more in the future.

(*v*) Apart from these, the main items of expenditure under ' Medical Services " are grants-in-aid, *viz.*:—

a Dufferin Fund Rs. 3 70,000 : (*b*) Hospital Aid Fund Rs. 2,000; (*c*) Indian Nursing Association Rs. 35,000 ; (*d*) Portmore Nursing Home, Simla, Rs. 5,000 : (*e*) Lady Reading Hospital, Simla, Rs. 5,000 ; (*f*) Walker and Ripon Hospitals, Simla, Rs. 14,000= Total Rs. 4,31,000.

(4) *Growth of expenditure.*—The total amount of this grant is Rs. 9,95,000. Without extensive adjustments it is not possible to give comparative figures to show the growth of expenditure.

(5) *Inchcape proposal.*—The Inchcape Committee recommended that the post of Public Health Commissioner should be abolished, his work being made over to the Director-General, Indian Medical Service, and that Medical and Public Health services should be amalgamated. At that time there were five officers in the Director-General's office and two in the Public Health Office;

the number of such officers in these offices in 1931-32 is seven in the Director General's section and one in the Public Health section of the office; in fact there are six working in the former and two in the latter.

(6) *Main proposals.*—(*i*) We have carefully considered the question whether it is necessary to maintain the D. G., I. M. S. and his office. Since "Medical" is a transferred provincial subject, the D. G., I. M. S. and his office appear to us to be a survival of the pre-Reform régime. We hold that inter-provincial transfers of I. M. S. and I. M. D. officers in civil employ or the maintenance of confidential records or rolls at headquarters or the disposal of complicated "service" questions do not require a civil "head" of the medical services any more than in the case of any other All-India service operating largely in the major provinces. Co-ordination of the medical policies of the major provinces may, *per se* be a desirable objective, but the existing constitution does not demand it, and so far as we are aware, the provinces do not ask for it; nor indeed can India in her present financial condition afford to undertake it. We observe that in fact a large portion of the work relates to the Army. Medical stores, recruitment for the I. M. S. and the I. M. D., maintenance of the confidential records and rolls of officers in these services and other military affairs admittedly take up much of the time and attention of the Director-General and his office. It is only right that all such matters should be transferred to the Army Department. For recruitment in India of officers for the I. M. S. the services of the Public Service Commission should be fully utilised.

(*ii*) We agree that the Government of India need, and will continue to need, an officer to advise them on the medical administration of the central areas and give guidance on matters of medical policy in general. But for all such duties we hold that a single medical officer of sufficient standing and experience to function as a Deputy Secretary and to draw about a Deputy Secretary's pay should suffice. He may be designated Medical Adviser to the Government of India. His office should operate as a section of the Secretariat, and should also work jointly for the Public Health Adviser (*vide* paragraph 12).

(*iii*) In the absence of reliable knowledge of the amount of work which should be made over to the Army authorities the Committee can only make a rough division of the expenditure as follows:—

The extra cost to the civil secretariat would amount to about a lakh, about a lakh would be added to army estimates, and the remainder (about $1\frac{3}{4}$ lakhs) of the present cost should be considered as savings. The pay of the existing staff should only be assimilated to secretariat rates of pay according to any future rates laid down for the Secretariat and not by present rates.

(7) *Other proposals.*—(*i*) The permanent superior medical staff at Simla consists of 2 Civil Surgeons at present. We consider that in future there should be only one; another can move up and down with the Government of India. This arrangement will merely mean that during the winter Simla will have only one Civil Surgeon and not two. We further note that the Army does not pay a contribution towards the cost of the staff at Simla.

On our proposals even direct and immediate savings will be about Rs. 12,000 per annum. With a doubt on the part of one member we urge that the horse allowances drawn by the Civil Surgeons at Simla should be discontinued.

(*ii*) As regards the Serologist and his establishments we urge that unless a strong enough case is made out in favour of continuing the duty, house-rent and other allowances drawn by the Assistant Serologist and the Civil Assistant Surgeons, these should be discontinued.

(*iii*) The medical establishment at the Gwalior Residency appears to us unnecessary. We observe that all political agencies do not possess a medical establishment on the spot. We have not been able to examine the Foreign and Political Department on this question; our provisional view is that this establishment should be abandoned.

(*iv*) We observe that the actual cost of the Civil and Military Dispensary at Simla in 1929-30 was about Rs. 23,000; the 1931-32 estimate is Rs. 29,100. An attempt should be made to bring it down to the 1929-30 level.

(*v*) We note that as in the case in sub-para. (*i*) the Army does not contribute towards the cost of the X-Ray Institute, Simla.

(*vi*) We further think that the medical budget for the North-East Frontier could be safely reduced by Rs. 5,000.

(*vii*) As regards the grants-in-aid aggregating 4·31 lakhs, we are generally speaking opposed to any serious reduction. But in view of the financial necessity we propose that they be reduced to 4 lakhs in the aggregate; we would, however, spread out the reduction over all the grants.

(*viii*) We do not recommend that the setting up of the All-India Medical Council be put off. But we propose that registration fees should be levied, and trust that the Council will shortly be in a position to pay its own way and cease to be a burden on central revenues.

(*ix*) We observe that an expenditure of Rs. 1,720 is incurred in Bombay. Now that there is a Customs laboratory at Bombay, which can perhaps be used for other purposes also, the need for incurring this expenditure should be examined. For the present we are leaving this possible saving out of account.

(8) *Summary.*—On our proposals the reduction of this grant will be 3·35 lakhs against which there will be an addition of 1 lakh to the Army estimates. The 1932-33 budget estimate should be reduced accordingly by 3·35 lakhs.

(B) Grant No. 58—*Public Health.*

(9) *Organisation and activities.*—Under the present constitution Public Health, Sanitation and Vital Statistics are provincial transferred subjects, except for reservations as to legislation in respect of infectious and contagious diseases. In addition to expenditure on public health incurred in the minor administrations the Government of India incur expenditure on the following public health activities. They maintain at their headquarters a Public Health Commissioner (pay Rs. 2,500—3,000 + £13-6-8 O. P.). He is assisted by one of the Assistant Directors-General, Indian Medical Service, and has an establishment which forms part of the Director-General's office and for which 40 per cent. of the cost (=Rs. 68,800 in 1931-32) is debited to the Public Health estimates. He advises the Government of India on questions relating to

public health and represents them at international conferences. An important contemplated scheme of large recurring expenditure is the Hygiene Institute at Calcutta (a Rockfeller foundation). Another important central activity is in connection with port and air-port health and quarantine, deratisation of ships and the pilgrim traffic. The expenditure on the Central Research Institute at Kasauli is also borne on these estimates. Lastly, the Government of India's grants-in-aid to the Research Fund Association (7½ lakhs a year), to St. John's Ambulance Association (Rs. 5,000), and to the Pasteur Institute at Kasauli (Rs. 17,700) are also borne on these estimates. Broadly speaking, the expenditure on public health in the minor administrations is budgeted for in the grants relating to the " areas " concerned.

(10) *Present expenditure and its growth.*—The estimated expenditure in 1931-32 is Rs. 13,92,000. Out of this Rs. 1,11,200 (and if the pay of the Assistant Director-General, Indian Medical Service, who does public health work, be added, Rs. 1,36,400) *plus* Rs. 68,800 is accounted for by the Public Health Commissioner and his office, by the staff, establishment and other charges in connection with the Hygiene Institute, Calcutta, and by some vaccination staff in Assam. Port Health establishments cost Rs. 1,13,400, and charges in connection with the pilgrim traffic amount Rs. 11,200. The Government of India's contribution on account of the Port Health establishments at Calcutta and Chittagong amount to Rs. 71,600. (This contribution is on the half-and-half basis, the other half being borne by the Port Trusts concerned.) For the ports of Madras, Bombay, Karachi and Aden, the Central Government maintain their own establishments at a cost of Rs. 1,47,400. In the case of Madras some contributions amounting to Rs. 1,600 are also paid In the case of Bombay there is a recovery of Rs. 46,300 from the Government of Bombay. The Kasauli Institute costs Rs. 2,09,700.

It is not easy to give comparative figures of the cost of Public Health without extensive adjustments. But the following few figures will help to show how expenditure has grown compared with 1913-14 :

——	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.
" Administration " ..	93,916	1,39,000	..	1,14,749*	1,80,000†*
Kasauli	1,14,516	3,93,100	2,25,454	2,33,262	2,09,700
Port Health and epidemics..	..	..	2,18,011	2,35,727	2,21,800

**Plus* about Rs. 25,000 for the pay of Assistant Director-General.

†The 1931-32 figure includes the cost of the staff appointed in connection with the Hygiene Institute, Calcutta ; this cost amounts to Rs. 61,700.

(11) *All-India Hygiene Institute.*—It only remains to add that it is in contemplation to open the All-India Institute of Hygiene and Public Health at Calcutta at an annual cost of nearly 3¼ lakhs as against a provision of Rs. 61,700 in the current budget. Apart from the normal increase of expenditure the central revenues have thus to be prepared for an increase of expenditure of over 2½ lakhs on account of this Institute in 1932.

(12) *Proposals.*—Our proposals for the reduction of expenditure are :—

(*i*) One of the recommendations of the Inchcape Committee was that the post of Public Health Commissioner should be abolished. It held that India's representation at international conferences could be undertaken by a senior officer on leave or by a recently retired officer, an honorarium being given if necessary. We agree with that Committee's view regarding the feasibility of India being represented at international conferences in the manner proposed by it. Indeed we think it is now time that India was represented not necessarily by officials but, whenever practicable, by suitable non-official or other experts acquainted with the specific problems coming up for discussion. The Government of India, however, require, and will continue to require, an officer to advise them on public health questions. But, we do not consider it necessary to maintain an officer of the present status of the Public Health Commissioner. A medical officer of sufficient standing and experience to function as a Deputy Secretary and to draw about a Deputy Secretary's pay with the designation of Health Adviser to the Government of India should, in our opinion, suffice for ordinary day-to-day work. (On individual questions the Government of India could consult the provincial Directors of Public Health.) His establishment should, as is the case at present with the Educational Commissioner, form part of the staff of the department. If and when it is necessary to send him out of India on deputation, his work should be carried on by the Medical Adviser proposed by us in paragraph 6 (*ii*). Our proposal would result in a saving of about Rs. 7,500. Besides, there would be some saving on the abolition of the post of the Assistant Director-General, who is now assistant to the Public Health Commissioner. This would amount to Rs. 25,200. Total savings would be well over Rs. 32,000.

(*ii*) Establishment matters are referred to in paragraph 6 (*iii*).

(*iii*) We observe that port health, quarantine, pilgrim and similar work in connection with epidemic diseases is costing nearly $2\frac{1}{4}$ lakhs. This should be brought down to $1\frac{3}{4}$ lakhs, saving Rs. 46,800.

(*iv*) We understand that Government having accepted the munificent gift of the Rockfeller foundation, the Institute of Hygiene and Public Health will have to be opened in due course. We are of opinion that its initial annual cost to Government should not be allowed to exceed 2 lakhs in the present financial stress. We have considered the proposed scales of pay and allowances for the staff of the Institute ; to us they appear to be unduly liberal. A reconsideration of the contemplated rates of pay etc., before vested interests are created, should enable Government to effect the reduction proposed by us without seriously interfering with the proposed functions of the Institute.

(*v*) As regards grants-in-aid, the annual grant of 7½ lakhs to the Research Fund Association should, for the present, be reduced to 2½ lakhs. The Association has a large fund accumulated mainly from Government grants in the past. On this ground the Inchcape Committee had also recommended the discontinuance of the grant. The fund which was 33¼ lakhs then has now increased to 52·3 (face value) lakhs. Our proposal to reduce the grant to 2½ lakhs need not therefore lead to a very serious curtailment of the activities of the Association for some years.

(*vi*) In view of the fact that the Pasteur Institute, Kasauli, no longer receives the contribution which the Punjab Government used to make and that the Army Department contribution has also been withdrawn, we do not consider it desirable to reduce the Government of India's annual grant of Rs. 17,700. The annual grant of Rs. 5,000 to St. John's Ambulance Association may also be left intact.

(13) On our proposals the savings will be Rs. ·32 + ·47 + 1·25 + 5·00 =7·04 lakhs of which 6·79 will be in the Public Health Grant and ·25 in the Medical Services Grant. The 1932-33 budget should be framed accordingly.

CHAPTER XX.

GRANT NO. 59—AGRICULTURE.

GRANT NO. 60—IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

GRANT NO. 61—CIVIL VETERINARY SERVICES.

Administration.

1. *Present organisation.*—As regards the grants for Agriculture, Civil Veterinary Services and the Imperial Council of Agricultural Research Department we have first of all to consider the existing arrangements in relation to central research. There is one self-contained 'department' (though on a miniature scale) in charge of the work relating to the Imperial Council of Agricultural Research. The Council was set up as a result of the Report of the Royal Commission on Indian Agriculture. Besides, the Department of Education, Health and Lands maintain an agriculture and veterinary section, mainly to deal with the two central research institutes at Pusa and Muktesar with their sub-stations. The Imperial Council of Agricultural Research Department has a Vice-Chairman (of the status of a Secretary to Government and paid at Rs. 4,000) assisted by a Secretary of the status of a Deputy Secretary to Government (pay on superior I. C. S. scale *plus* Rs. 400) and two Expert Advisers, one for agriculture and the other for animal husbandry (pay of each Rs. 2,500 to Rs. 2,750).

2. *Imperial Council.*—We see no reason to suggest any modification of the policy which led to the establishment of the Imperial Council for central research. We are also unanimously of opinion that Pusa and Muktesar should be placed under the control of the Imperial Council. We are further agreed that the services of the two Expert Advisers may be terminated. We observe that the two Central Research Institutes maintain all the necessary expert staffs and these can be utilised for such advice as Government might need. We therefore unanimously recommend the abolition of the two posts of Expert Advisers to the Imperial Council of Agricultural Research. (Also *vide* para. 11.)

3. *Proposals.*—On the question whether the Agriculture and Veterinary Section of the Department of Education, Health and Lands should be abolished and its work transferred to the Imperial Council of Agricultural Research department or *vice versa* this Sub-Committee favours the former alternative. Messrs. Nixon and Ramsay-Scott hold the opposite view on the ground that it will result in greater economy.

4. *Reasons.*—We hold that the considered policy of Government in setting up the Imperial Council of Agricultural Research department should be given a proper and adequate trial. A formal Government department is not as suitable an agency for controlling research as a body constituted on the lines of the Imperial Council. Under the present arrangements the Council does not directly control the two Central Research Institutes, *viz.*, Pusa and Muktesar; in our opinion it should do so. It would be manifestly anomalous that a body set up by Government for the express purpose of developing agricultural and allied research all over India (including such States as care to come into the arrangement) should be deprived of direct control over Government's own research institutes. The objection to Pusa and Muktesar being placed under

the Imperial Council of Agricultural Research Department on the ground that their Directors would thereby become, in effect at any rate, subordinate to the Expert Advisers of the Imperial Council appears to us to have no force. In fact, we have proposed the abolition of the posts of Experts. The Council, which has been rightly described as an instance of federalism in action, and which is in touch with all the Agricultural Research Institutions and their expert staffs is in the best position to advise Government with respect to Pusa and Muktesar. Nor, having in regard the responsibilities and constitution of the Council, is the Sub-Committee disposed to attach any weight to arguments based on an apprehension of 'jealousies' and 'suspicions', which in fact are unfounded. The Sub-Committee is convinced that circumstances and conditions have changed a good deal since the report of the Linlithgow Commission, and that its proposal is best calculated to promote the cause of agricultural research at the lowest cost.

5. The Sub-Committee, with the exception of the two members mentioned above, recommends that the Imperial Council of Agricultural Research Department should continue and that Pusa and Muktesar and their sub-stations should be placed under its administrative control.

GRANT NO. 59—AGRICULTURE.

6. *Pusa and its sub-stations.*—On the proposals for the reduction of expenditure on the Agricultural Research Institute at Pusa and its five sub-stations we are all unanimous.

The main Institute at Pusa and only one of its sub-stations, *viz.*, the sugar-cane station at Coimbatore should continue. The other sub-stations, *viz.*, the cattle-breeding farm at Karnal, the creamery at Anand and the animal husbandry institutes at Wellington and Bangalore are recent accretions. They were taken over from the Army at a cost of about Rs. 7,17,000 when the Army Department found that they had to lop off superfluities. None of them can be said to be engaged in research of a central character. If their accounts be critically examined in the light of the principles of commercial accounting they involve loss year by year, with the possible exception of the creamery at Anand. It has been claimed on behalf of the creamery that it has trained up men who have found little difficulty in securing private employment. Even if this claim be conceded, we must observe that such training is not a "central" subject. We understand that the Army Department will probably take back Wellington. Whether they do so or not, our unanimous recommendation is that these four sub-stations of Pusa should be disposed of, preferably to the local Governments concerned.

7. *Reorganisation and savings.*—Coming to Pusa and Coimbatore we observe that the Department of Education, Health and Lands have already under their consideration a scheme of reorganisation prepared by the present Director. He told us that the scheme proposes increased expenditure. The gross cost of Pusa and Coimbatore is 8·71 lakhs irrespective of the additional cost (*viz.*, Rs. 57,500) on account of estate and medical establishments. Our proposal is that even allowing for some increased expenditure as a result of the reorganisation the gross cost should be brought down by about a lakh; the Imperial Council of Agricultural Research Department should be given definitely to understand that these figures

must not be exceeded. Since a reorganisation scheme is already under Government's consideration, we do not propose to go into detail further than to suggest that the system of special pays to the staff should be critically scrutinised in accordance with the general principles which will be enunciated by us in our final report.

GRANT NO. 60—IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

8. *Functions and organisation.*—These have already been described in paragraph 1 above. The Sub-Committee, with the exception of two members, has already recommended that this Department should continue and that the Pusa and the Muktesar Institutes (with their sub-stations) should be placed under its administrative control. We need not here do more than indicate the economies which will result from our proposals.

9. *Vice-Chairman.*—We consider that the pay attached to the post of Vice-Chairman is excessive and we therefore would take the offer of the present Vice-Chairman to accept a salary of Rs. 3,000 from 1st April 1932, although he has made it clear that this is a voluntary offer personal to him. It will yield a saving of Rs. 12,000. Our colleague, Mr. Nixon, wishes to dissent from the principle of voluntary surrenders of pay.

10. *Secretary.*—As regards the Secretary, we recognise the force of the criticism that a small department like this does not require the services of two highly paid administrative officers. But during the period of reorganisation the training and experience of the present secretary will be needed. Our proposal therefore is that when his "tenure" expires (by which time the reorganisation will have been completed), he should be succeeded by a secretary of lower status. In our opinion an officer of the Agricultural Service of about 15 years' service should succeed him. He may be given the status of an Under-or Assistant Secretary to Government, *ex-officio*. We observe that though there is a post of an Assistant Secretary on Rs. 1,000—50—1,250, it has not been filled up. We recommend that this post should also be filled up; the first incumbent should be drawn from the Veterinary Service and should have about 11 years' standing in the service. We contemplate that the Assistant Secretary should in course of time succeed the Secretary and that one of them should belong to the Agricultural and the other to the Veterinary Service. This arrangement will enable the department to have two experts to advise the department on all the ordinary day-to-day problems relating to agricultural and veterinary research. On problems of some importance the department will take the advice of the Pusa and the Muktesar Institutes. The savings from this proposal will be the difference between the cost of the present Secretary and the cost of the Assistant Secretary proposed by us, *i.e.*, about Rs. 16,000 to Rs. 18,000 per annum.

11. *Expert Advisers.*—We are all agreed that these two posts should be abolished, and that the department should take such advice as it requires from the Pusa and Muktesar Institutes. In fact, our proposals above relating to the secretariat of this department are based on the assumption that the posts of the Expert Advisers will be abolished and that the new secretarial posts will be created only as vacancies occur among the two Expert Advisers. We

further propose that the present Expert Advisers should, if possible, be absorbed at Pusa and Muktesar respectively. The saving on their salaries etc., alone will be nearly Rs. 65,000.

12. *Establishment.*—As regards the establishment for this Department we consider that the present establishment strengthened by a further establishment costing about Rs. 32,000 (we understand from the Vice-Chairman that this would be just about half of the present cost of the Agriculture and Veterinary Section of the E. H. and L. Department) will suffice for the Imperial Council of Agricultural Research Department even when it takes over Pusa and Muktesar. We may in this connection observe that this department has not yet recruited the temporary establishment which was sanctioned with effect from the current financial year. We recommend that pending Government's decision on our proposals it should not be recruited.

13. *Other savings.*—In the course of his oral evidence the Vice-Chairman told us that he saw no objection to the permanent location of his department at Delhi. His view was that if the Vice-Chairman, Secretary, the Experts and some camp staff were to be allowed to move with the Government of India, it would be possible to carry on the work of the department and at the same time to remain in touch with the Government of India. This is one of the departments which we think should remain permanently at Delhi. This will yield a saving of Rs. 5,000 on the rent of the building at Simla in which the department is at present located and Rs. 10,000 on hill journey and other allowances. Besides, additional rents realised for the housing accommodation provided by Government at Delhi will yield about Rs. 5,000 to Rs. 6,000, but we leave this out of our calculation.

The provision for contingencies should be cut down from Rs. 18,900 to about Rs. 15,000. Savings about Rs. 4,000. If the department does not move between Delhi and Simla, it should not be difficult to effect this saving.

14. *Research grant.*—The annual research grant of 5 lakhs should for the present be reduced to 2½ lakhs a year. (As an alternative to this proposal, Mr. Nixon throws out the suggestion that "the whole grant for research should be held in abeyance for a couple of years, which would provide money for the Government to consider the scheme for the reorganisation of Pusa which the Director has formulated".) The provision of Rs. 10,000 for travelling allowances of the Governing Body and the Advisory Board should in future be charged to the budget of the Imperial Council and not to central revenues.

15. *Sugar Cable Service.*—We observe that the 1931-32 provision is Rs. 23,800. In our opinion this service should be maintained but on a genuinely self-supporting basis, which should include a certain percentage for its share of the overhead expenses on the department and the Council. The expenditure should be cut down to Rs. 20,000. Further, the Service should be budgeted for in the Council's own budget and not in the civil estimates of the Government of India.

16. *Council's own budget.*—Although the Imperial Council is a statutory body controlling its own budget, we think that Government should invite it to scrutinise its expenditure with a view to securing all possible economies.

17. *Summary.*—When effect is given to our proposals, this department's net budget for administration will be reduced from 2·76 to 1·28 lakhs (or, when the

deduction of about ·10 on account of the present Vice-Chairman's pension, which is paid by the Madras Government, ceases to be operative, Rs. 1·38 lakhs). The provision of ·24 lakh for the sugar cable service will disappear, and the research grant will be reduced to 2·5 lakhs. The total 1931-32 budget is 8 lakhs gross or 7·75 lakhs net; it will be reduced to 3·78 lakhs.

It will be seen that we have not proposed any reduction of the establishment except of the Expert Advisers' stenographers and peons. Were it not for our proposal that Pusa and Muktesar should be transferred to the control of this department, we should have proposed some reduction of establishments and a further reduction of the budget.

When Pusa and Muktesar are transferred to the control of this Department, there will be an additional expenditure of about Rs. 32,000 on account of extra staff. If, however, new staff is engaged, the additional expenditure will be less than Rs. 32,000. On the other hand, there will be a corresponding saving of approximately Rs. 68,300 (*i.e.*, Rs. 64,000 on pay etc., and the rest on contingencies etc.), on the Agriculture and Veterinary Section of the Education, Health and Lands Department. We have omitted this from our calculation.

GRANT NO. 61—CIVIL VETERINARY SERVICES.

18. *Explanation of the grant.*—Expenditure on these services is incurred in two parts, *viz.*, (*a*) on the Muktesar and the Izatnagar branches of the Imperial Institute of Veterinary Research and on a small grant-in-aid, and (*b*) in the minor administrations. Under (*a*) the cost amounts to over 8 lakhs, but against this expenditure here are receipts of Rs. 9,27,500 (estimated). Grant No. 61 deals with (*a*), the expenditure under (*b*) being provided for in the respective "area" grants.

The Muktesar branch of the Institute is, broadly speaking, now concentrating on research and the Izatnagar branch on the manufacture of various prophylactic and specific sera and vaccines for animal diseases.

19. *Expenditure and receipts.*—These have been as follows (in lakhs):—

	1913-14.	1921-22.	1922-23.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expenditure	2·03	7·06	7·60	8·60	6·59	6·92	7·29	7·78	8·32	8·27
Receipts ..	1·09	4·43	4·97	13·10	11·06	12·26	14·68	15·60	11·22	9·27
Profit or loss	—·94	—2·63	—2·63	+4·50	+4·47	+5·33	+7·40	+7·82	+2·90	+1·00

20. *Organisation.*—The Muktesar branch is in direct charge of a Director (on Rs. 2,000—2,250 *plus* O. P.). There is also the necessary technical staff for direction and also for the various sections of work at Muktesar, *viz.*, Laboratories, Veterinary, Farm, Medical and Electrical. The Izatnagar branch is in the immediate charge of a Deputy Director who gets a special pay of Rs. 150. A Veterinary Deputy Superintendent and a Laboratory Assistant are also maintained at Izatnagar.

Besides these officers, each branch has varying establishments.

21. *Control.*—The Institute is at present under the administrative control of the Education, Health and Lands Department. With the exception of two

of us we have already recommended that it should be placed under the administrative control of the Imperial Council of Agricultural Research Department (*vide* paragraphs 3 and 4).

22. *Proposed economies.*—We have scrutinised the budget carefully. We find that, generally speaking, the institute earns very substantial profits for the Central Government. In our opinion not only should this Central Research Institute continue to be maintained but its activities should not be curtailed. There appears to be some room for reorganisation, but we would leave that work to the administrative department in charge of the Institute. *Prima facie* and in the light of the evidence placed before us we have come to the conclusion that apart from the savings (which are all temporary) offered by the department, the following immediate reductions can and should be made, *viz.*:—

	Rs.
(*a*) Reduction of the posts of temporary Veterinary Research Officer (Rs. 6,200) and of a Personal Assistant (Rs. 6,700)	13,900
(*b*) Abolition of 10 establishment posts recently created	3,000
(*c*) Reduction of the provision for temporary staff	10,000
(*d*) Purchase of animals	10,000
(*e*) Supplies and Services (Rs, 5,000), Contingencies (Rs. 10,000) and English Stores (Rs. 15,000)	30,000
Total reduction of expenditure	66,900

We also propose that the decision to grant advance increments to the Engineer at Muktesar should be revised.

We further recommend that the grant of Rs. 3,000 per annum to the National Horse Breeding and Show Society should be discontinued. In our opinion animal-breeding and exhibition are essentially a provincial activity.

23. *Summary.*—The 1932-33 estimates under this grant should thus be reduced by Rs. 70,000.

CHAPTER XXI.

GRANT NO. 62-B—INDUSTRIES (INDIAN SCHOOL OF MINES, DHANBAD).

1. *Functions.*—The school was opened in December 1926 to provide " high-grade instruction in mining engineering and geology " with the object of " enabling Indians to qualify themselves for appointments in the Geological Survey, Survey of India and the Mines Department and to meet the growing needs of the mining industry for trained mine managers and geologists ".

Organisation.—The staff consists of (*a*) a Principal (pay Rs. 1,250—50—1,750, *plus* £30 O. P.), (*b*) four professors (pay Rs. 750—50—1,250, *plus* £300 O. P. ; for Indians Rs. 1,000—50—1,500), and (*c*) two lecturers (pay Rs. 500—25—750). Establishment consists of 38 and the provision in 1931-32 is Rs. 47,300.

2. *Growth of expenditure.*—The grant for 1931-32 is Rs. 1,97,000, and estimated receipts are Rs. 16,300. The expenditure in each year since 1926-27 has been 1·89, 2·17, 2·45, 2·02, 2·06 and 1·97 lakhs respectively. (The last two figures are estimates.)

3. *Future of this school.*—We have carefully considered the question whether in view of the fact that fresh enrolment has been almost steadily declining the school should be suspended for a term of years or closed down. One of us—Mr. Nixon—was in favour of closing the school down for, say, 5 years on grounds of financial necessity. This proposal does not commend itself to any of the other members. In our opinion the school need not be run on the present unduly costly lines. We consider that the scales of pay are too liberal and should be brought down to levels corresponding to the scales generally in force for similar work in the educational institutions in India. In paragraph 6 we have stated that it should be possible to run the school for about one lakh (net).

In view, however, of the serious decline in fresh enrolment, we urge that Government should institute enquiries at an early date into the causes of such decline and to take such remedial action as may be practicable. If the enquiry discloses that genuine demand for the training, which the school provides, cannot be stimulated, other arrangements should be made for the recruitment in India of the staff required for the Mines Department and for the Geological Survey. As a last resort, students might be given scholarships for the study of mining abroad.

4. *Utilisation of Mines staff.*—We have considered the suggestion that on the analogy of the alleged practice in some European countries the school should be placed under the Mines Department and that the Chief Inspector of Mines should be appointed to work as Principal. It does not, however, appeal to us. But we are inclined to the opinion that Government should investigate the possibility of abolishing the post of Professor of Electrical and Mechanical Engineering and entrusting his teaching duties to the Electrical Inspector under the Mines Inspectorate. It seems to us that the theoretical teaching of electrical and mechanical engineering in a school of this type cannot be of such a character as to require the services of a whole-time Professor. We are not sure that a Lecturer is needed to teach English nor that a Lecturer for the teaching of French and German need be paid at the rate of Rs. 500—25—750.

5. *Other proposals for economy.*—Our other recommendations for economy are as below :—

(*i*) Provision for travelling allowance should be reduced, as proposed by the Department, from Rs. 13,500 to Rs. 9,000.

(*ii*) No fees should be payable to the staff of the school for the supervision of the admission examination nor for the certificate and the diploma examinations. Estimated savings Rs. 2,000.

(*iii*) Apart from the terms of special contracts, no house-rent allowance should be paid to any member of the staff and rent should be charged according to the usual rules for residential accommodation supplied by Government. We cannot calculate the receipts.

(*iv*) The provision for scholarships is Rs. 6,400. At present there are 37 scholarship holders out of a total enrolment of 70. The number of scholarships has not been reduced even though enrolment has gone down. In our opinion the number as well as the rates should be cut down so as to save at least Rs. 2,500.

(*v*) The terms on which Government servants (for example of the Salt Department) are trained at Dhanbad should be revised. In our opinion all that Government need do in such cases is to provide the training free, but no travelling or other allowances or peons need be given.

(*vi*) We have examined the list of establishments. Since the number of students has gone down, we consider that some reduction is possible by "doubling up" certain duties and giving some suitable work to the students themselves. In particular, we consider that the whole-time medical establishment is unnecessary. It will perhaps be sufficient to utilise the local medical establishment of the Bihar and Orissa Government or even a private practitioner by giving him a suitable allowance as is usually done in the case of educational institutions. We estimate a saving of Rs. 5,000 under this sub-head.

(*vii*) The provision for Supplies and Services and Contingencies should be cut down to Rs. 10,000 and 20,000 respectively. Savings Rs. 9,600.

6. *Summary of savings.*—Under our proposals the immediate savings will be Rs. 23,600=about 12 per cent. of the 1931-32 gross budget. We have reason to believe that, when the school is reorganised on the lines suggested by us, it will be possible to run it at a net cost of approximately one lakh.

CHAPTER XXII.

GRANT NO. 63—AVIATION.

1. *Explanation of the Grant.*—(*i*) *Analysis of present position.*—The total budget for Civil Aviation for 1931-32 may be set out as follows :—

	Rs. Lakhs.
Directorate etc.	2·27
Payments to Posts and Telegraphs Department for wireless	4·13
Grants to Clubs etc.	1·88
Works	13·00
English Stores	5·82
Karachi-Delhi Charter Service	3·69
Indian State Air Service	4·68
Scholarships	·28
Other expenses	·02
Total ..	35·77

At least Rs. 11·80 lakhs under Works, Rs. 5·82 lakhs under English Stores (the cost of the aircraft for the Indian State Air Service, the order for which has already been placed), and Rs. ·43 lakhs under the Indian State Air Service are of the character of capital expenditure. The department estimates that the figure of Rs. 4·13 lakhs for payments to the Posts and Telegraphs Department will, largely owing to delay in completing the programme, be reduced to Rs. 2·39 lakhs. Of the Rs. 13 lakhs for works, Rs. 6·22 lakhs (not yet incurred) are for ground lighting for an air service across India. The capital cost of this item is now put at about Rs. 5½ lakhs, but no provision apparently exists in the above figures for the maintenance of the ground lighting plan, which was estimated to amount to three-quarters of a lakh for a full year. Nor do the above figures take into account the increase in the meteorological budget due to aviation. The Department estimates that of the increase of Rs. 14·55 lakhs in the expenditure on Meteorology between 1924-25 and 1931-32 a sum of about Rs. 9·20 lakhs, in terms of average cost, can be ascribed to Civil Aviation. It appears to the Sub-Committee that a substantially large part of the increased expenditure under Meteorology would not have occurred had it not been for Aviation.

(*ii*) *Estimated future cost.*—Owing to the holding up of the final decision to go ahead with an Indian State Air Service some of the expenditure budgeted

for 1931-32 must inevitably lapse. If nothing had lapsed, the department anticipates the expenditure of future years as follows:—

(*a*) presuming the Indian State Air Mail Service from Karachi to Calcutta, to be proceeded with:—

	1932-33.	1933-34.
Directorate, etc.	2·90	3·05
Works	2·75	2·75
Air State Service	9·50	9·00
Grants to Clubs, etc.	2·00	2·00
Wireless Service	4·10	4·10
Scholarships	·25	·25
Total ..	21·50	21·15
Less Revenue ..	2·00	3·00
Net total (Rs. lakhs) ..	19·50	18·15

Were the State Air Service to go on, the figure for 1932-33 would be increased by a part of the amount lapsing from 1931-32.

(*b*) for a restricted State Air Service from Karachi to Allahabad (which would involve the building of a hangar at Allahabad and the disposal of one of the aircraft):—

	Gross.	Revenue.	Net.
1932-33	20·31	1·75	18·56
1933-34	19·15	2·50	16·65

The figure for 1932-33 must be increased by some of the lapsed expenditure from 1931-32.

2. *Proposals.*—The Sub-Committee is unanimously of opinion that, subject to the conditions mentioned in the next paragraph, the scheme for the inauguration of an Indian State Air Service should not be proceeded with for the present. It is a new contemplated service and its holding in abeyance does not mean, as does retrenchment in other departments, a general dismissal of staff. India is not in a financial condition at present to be able to undertake new commitments of such a character as the proposed State Air Service, while proposals of vital importance to the country entailing considerable expenditure are under contemplation, *e.g.*, an Indian Military College for all arms, a Reserve Bank and other measures necessitated by the inauguration of a new constitution.

3. *Conditions.*—The conditions upon which the Sub-Committee has unanimously agreed to propose that the contemplated State Air Service should be held in abeyance are that no non-Indian commercial concern should be allowed to be started as the Indian link in an east and west through air run. The Sub-Committee is generally of the view that it is unlikely that the Government of India in the present financial circumstances throughout the world, will be faced at any early date with the alternative of either instituting an Indian

State Air Service or of having to accept the establishment of a non-Indian controlled service. Should however such an issue arise at any stage, the Sub-Committee recommends that the Government of India should unhesitatingly adopt the former course and proceed with the institution of a State Air Service. But against pressure and threats from any powerful non-Indian commercial interest, the Sub-Committee considers that the Government of India, at the limit of withdrawing all their ground organisation and meteorological facilities (the latter up to the borders of Persia) are not without effective weapons.

4. "*Maintenance*" *basis.*—(*a*) The unanimous conclusion of the Sub-Committee therefore is that until India is financially in a position to institute her own State Air Service, or until she is finally forced into inaugurating it in the protection of her own national interest, the equipment for civil aviation in India should be put on to a merely "maintenance" basis. The aircraft should be disposed of on the best possible terms as it will be uneconomical to keep it and incur heavy costs for storage, insurance and maintenance, particularly as it will be obsolete in, at any rate, four years' time. The services of the manager should be dispensed with. The Government of India should, in the view of this Sub-Committee, inform her co-signatories of the International Air Convention that this is her policy, forced on her by financial circumstances. The co-operation of His Majesty's Government should be sought in support of this policy. The Government of India should also take such action in regard to the French and Dutch services at present crossing India as is compatible with this policy.

(*b*) *Its estimated cost.*—The department puts the annual cost of a "maintenance" condition at :—

	1932-33.	1933-34.
Direction, etc.	2·90	3·05
Works	2·00	2·00
Grants to Clubs etc.	2·00	2·00
Wireless Service	3·24	3·24
Scholarships	·25	·25
Total Rs. (lakhs) ..	10·39	10·54

The Sub-Committee considers, in view of the details given by the department for the item Works, that a grant of one lakh for this purpose should suffice, and further that in a time of financial distress a sum of Rs. 1·50 lakhs for grants to Clubs etc., should meet the situation. The Sub-Committee is also agreed that the financial condition of India will, if the State Air Service is not instituted, not permit of nor require such a high and growing charge for the item Directorate etc., as is suggested by the department. At the most it would recommend the provision of a sum of Rs. 1¼ lakhs for this item. An officer of the status and rate of pay of the present Deputy Director should suffice to direct the activities of this department on the restricted scale proposed.

5. *Summary of savings.*—(*a*) The Sub-Committee would fix the total Civil Aviation budget for 1932-33 at Rs. 7¼ lakhs. It contemplates that these measures would yield a saving of about Rs. 13 lakhs in the budget of the present year. As compared with the Karachi-Calcutta scheme there would be a saving of over Rs. 12 lakhs in 1932-33 and over Rs. 11 lakhs in the next and probably following years. Against the figures for the Karachi-Allahabad scheme the saving would amount in 1932-33 to Rs. 11¼ lakhs and in 1933-34 to Rs. 9½ lakhs. The sale proceeds of the aircraft will be additional to these figures.

(*b*) The approximate details, so far as they can be deduced from the department's figures, of the savings are :—

		1932-33. As against Karachi to		1933-34. As against Karachi to	
	1931-32.	(*a*) Calcutta.	(*b*) Allahabad.	(*a*) Calcutta.	(*b*) Allahabad.
Directorate etc.	..	1·65	1·65	1·80	1·80
Wireless	1·74	·86	·86	·86	·86
Grants to Clubs etc. ..	..	·50	·50	·50	·50
Works	6·70	1·75	10·06	1·75	8·75
Indian State Air Service ..	4·28	9·50		9·00	
	12·72	14·26	13·07	13·91	11·91
Less revenue	..	2·00	1·75	3·00	2·50
Net saving	12·72	12·26	11·32	10·91	9·41

CHAPTER XXIII.

GRANT NO. 67—EMIGRATION (EXTERNAL).

(1) *Organisation.*—The grant for 1931-32 is Rs. 2,60,000. The Government of India maintain agencies in South Africa, Ceylon and Malaya. The 1931-32 budget estimates for these are Rs. 1,10,000, Rs. 43,200 and Rs. 34,900 respectively. The Agent in South Africa is paid £2,500 per annum and a sumptuary allowance of £500 and a motor-car allowance of £200. He is assisted by a Secretary belonging to the I. C. S. There is also a small establishment of a Superintendent on £650, a typist on £150 and two messengers. In Ceylon the Agent belongs to the I. C. S. and has an Assistant and an establishment of 9. The Agent in Malaya belongs to the Madras Provincial Civil Service; he has a small establishment of 4. The Ceylon and Malaya Agents each gets a special pay of Rs. 300 and motor-car allowances of Rs. 1,200 and Rs. 2,700 respectively. In India itself the following staff is maintained, *viz.* (*i*) At Calcutta:—A Protector of Emigrants and Superintenden of Emigration with an establishment of 17. (*ii*) In Madras Presidency:—Protectors of Emigrants at Madras, Negapatam and Dhanushkodi, a special officer for South African repatriates and a Medical Inspector of Emigrants at Madras. Establishments consist of 19. Only the Protector at Dhanushkodi is now a whole-time officer. (*iii*) In Bombay Presidency:—A Protector of Emigrants with some establishment at Bombay and Karachi.

(2) *Proposals.*—We have carefully considered whether the three Agencies and the establishments in India need be maintained. Our unanimous opinion is that they must be kept. Hence, the only scope for the immediate reduction of expenditure is through minor economies. Our concrete proposals are:—

(*i*) The pay and allowances of the future incumbents of the post of the Agent in South Africa should be revised after the forthcoming negotiations with the South African Government are concluded. The status of the Agent's Secretary and of the Superintendent and their salaries should also be then revised. The provisions for travelling and other allowances and for contingencies should, however, be reduced from Rs. 18,000 and Rs. 18,300 to Rs. 15,000 and Rs. 15,000 respectively.

(*ii*) As regards Ceylon we observe that since 1927 the total figures of arrivals in and departures from Ceylon are going down year by year. The post of the Assistant Emigration Officer (Rs. 250—400) for which the 1931-32 provision is Rs. 3,500 should therefore be abolished. The establishment should be reduced so as to reduce its cost from Rs. 9,000 to Rs. 7,000, and the provision for contingencies should be brought down from Rs. 4,000 to Rs. 3,000. The Agent's motor-car allowance should be reduced from Rs. 1,200 to Rs. 600 per annum.

(*iii*) Our view is that the special pay of the Agent in Malaya should continue, but his motor-car allowance should be reduced from Rs. 2,700 to Rs. 1,200 per annum. The provision for temporary establishment should be brought down from Rs. 1,100 to Rs. 500 and that for 'other charges' from Rs. 14,500 to Rs. 12,000.

(*iv*) As regards Bengal, we hold that action on the lines adopted or recommended by the Madras Government for their own province should be taken, and the post of Protector should be abolished, his work being made over to a Central Government's employee (*e.g.*, to a Port or Customs officer). Even if an allowance of say Rs. 75 per mensem be given, there will be reduction of expenditure from Rs. 5,400 to Rs. 900 saving Rs. 4,500. The establishment of 17 should be cut down by 4 (2 clerks and 2 peons) so as to save Rs. 4,000, and the provision for other charges should be brought down from Rs. 5,200 to Rs. 4,500.

(*v*) In Madras Presidency the part-time post of Protector at Madras has already been abolished and his duties made over to the Special Officer for South African repatriates, and the duties of the whole-time Protector at Negapatam have been made over to a Port Officer. We approve these measures. We observe that emigration to Malaya from Madras has practically ceased. On this ground as well as on that of economy we propose that the special pay of Rs. 100 per mensem to the Medical Inspector at Madras should be reduced to Rs. 50 per mensem. The cost of the establishments in Madras should be reduced by Rs. 2,000, the provision for travelling allowance and other allowances from Rs. 8,100 to Rs. 7,500 and for contingencies from Rs. 3,800 to Rs. 3,500.

(*vi*) The only economies we propose for Bombay are the reductions of the cost of establishment from Rs. 3,400 to Rs. 2,600 (1929-30 actuals were Rs. 2,628) and of the provision for "other charges" from Rs. 300 to Rs. 250 (1929-30 actuals were Rs. 242).

(3) *Summary of savings.*—On our proposals immediate savings with effect from the budget estimates for 1932-33 will be Rs. 40,450, or say Rs 40,000= 15½ per cent. of the 1931-32 grant.

CHAPTER XXIV.

GRANT NO. 69-A—IMPERIAL LIBRARY.

(1) *Organisation.*—The budget grant for 1931-32 is Rs. 73,000. The Bengal Government contribute Rs. 20,000. Hence net cost to the Government of India is Rs. 53,000. The library is in charge of a Librarian on Rs. 750—50—1,250. The ministerial establishment consists of 15 at a cost of Rs. 23,200 and the menial establishment of 35 (sorters and servants) costs Rs. 9,400. There is also a temporary establishment estimated to cost Rs. 2,500.

(2) *Growth of expenditure.*—Expenditure has grown as shown below :—

	1913-14.	1924-25.	1929-30.	1931-32.
	Rs.	Rs.	Rs.	Rs.
Total expenditure	..	61,436	76,610	73,000
Government of India's expenditure ..	40,000	41,436	56,710	53,000

The growth of expenditure since 1924-25 is on the pay of establishments and on allowances and other expenses. In 1924-25 the Librarian's scale of pay was Rs. 1,000—1,500. Even though it was reduced to Rs. 758—50—1,250 in 1929-30, we are of opinion that the present scale is too high and should be reduced.

(3) *Proposals.*—The Department of Education, Health and Lands have offered savings amounting to Rs. 14,500, but some of these are apparently not permanent. We think it should be possible to reduce expenditure by about Rs. 16,500. The abolition of the temporary appointment of an *ex-officio* Secretary to the Council of the Imperial Library effects a reduction of Rs. 2,400. It should be possible to save Rs. 5,000 under establishments including Rs. 2,500 for the temporary establishment. The provision for the purchase of books etc., may be reduced from Rs. 14,500 to Rs. 8,000, that for travelling allowance from Rs. 3,000 to, at the most, Rs. 840, and that for contingencies by about Rs. 500. Considering that in 1929-30 travelling allowances, rent and contingencies actually cost Rs. 7,956, the 1931-32 provision of Rs. 10,000 appears to us to be an over-estimate ; under our proposals it will be reduced to Rs. 7,540. On these lines total permanent reduction will be Rs. 16,560. We propose that the 1932-33 budget should be reduced from Rs. 73,000 to Rs. 56,500.

GRANT NO. 69-F—INDIAN WAR MEMORIAL.

(1) *Organisation.*—The Indian War Memorial is a museum of war trophies maintained in the Fort at Delhi by the Department of Education, Health and Lands. The establishment consists of one Curator on Rs. 300—350 and six servants. Of the total estimated expenditure of Rs. 7,100, establishment accounts for Rs. 5,300 and other charges for Rs. 1,800. In 1929-30 the Memorial cost Rs. 6,056.

(2) *Proposal.*—In our opinion, the establishment is excessive and is unduly costly. In particular, the Curator's pay Rs. 300—350 appears to us to be too liberal. Our recommendation is that the collection should be handed over to the Chief Commissioner of Delhi and the grant should be reduced from Rs. 7,100 to Rs. 2,000 ; saving Rs. 5,100.

CHAPTER XXV.

GRANT No. 69-C—EXPLOSIVES.

1. *Functions and organisation.*—The Explosives Department is maintained for the administration of the law relating to explosives and petroleum.

The staff consists of (*i*) a Chief Inspector on Rs. 1,450—100—2,000 *plus* overseas pay. (The present Chief Inspector gets a special pay of Rs. 300 per mensem since 1st April 1931), (*ii*) two Inspectors (one on Rs. 700—50—800 and the other on Rs. 350—800) and two temporary Inspectors (one on Rs. 450 and the other on Rs. 350). Establishments (13 ministerial and 10 servants) cost Rs. 24,000. In 1924-25 the establishment was 8 ministerial and 8 servants.

2. *Growth of expenditure.*—Expenditure has grown as below :—

	1913-14.	1924-25.	1929-30.	1931-32.
	Rs.	Rs.	Rs.	Rs.
Pay of Officers	83,000	47,830	35,955	50,700
Pay of establishment		17,150	19,638	24,000
Travelling allowance		31,400	24,376	31,500
Gross expenditure	83,000	95,081	86,297	1,12,000

3. *Proposals.*—In the case of a small Department like this with statutory duties to perform all over the country the scope for retrenchment is limited. But, if advantage is taken of certain favourable circumstances, it is possible to effect an appreciable reduction of expenditure. Our proposals are :—

(*i*) The present Chief Inspector will have completed 55 years of age on the 4th of November 1931. We recommend that one of the Inspectors should be sent abroad for training in explosives and, if found suitable, should be promoted as Chief Inspector on a considerably lower scale of pay than the present one.

(*ii*) The provision for travelling allowance should be reduced from Rs. 31,500 to Rs. 20,000.

(*iii*) The number of clerks should be reduced from 13 to 10 (*i.e.*, to two more than in 1924-25) and of servants from 10 to 8.

(*iv*) We observe that the present Chief Inspector as well as his predecessor were on a personal scale of pay and were also given a special pay. We urge that special concessions like personal scales of pay and additional special or personal pay should not be granted.

(*v*) We further note that at present the services of the officers of this department can be secured without payment. There is therefore a natural tendency to requisition them somewhat freely. The only practicable way of checking such a tendency is to frame rules for the appearance of the officers of this department to give evidence in law courts and to charge suitable fees.

(*vi*) Government should see that the two temporary posts of Inspectors are not made permanent on the mere ground of increased work.

(*vii*) We have scrutinised the grounds for the grant of house-rent allowances to the staff of this department, and have found them unconvincing. The mere fact that an officer uses a portion of his house as his office room when he has no *real* office should not entitle him to a house-rent allowance outside the regular scheme for house-rent allowances. We, therefore, recommend that this concession should be abrogated.

(*viii*) We consider it practicable to reduce the work of this department by leaving much more to be done by the agency of the provincial magistracy and police. This is one of the grounds on which we have reduced the provision for travelling allowances.

4. On our proposals, the savings will be about Rs. 27,000. The 1932-33 budget should be reduced to Rs. 85,000. When our proposals are given full effect, the budget should come down to Rs. 75,000.

CHAPTER XXVI.

GRANT NO. 69-I—BROADCASTING.

1. *Expenditure.*—The 1931-32 budget estimates (total Rs. 2·96 lakhs) for allowances at headquarters and for the broadcasting stations at Calcutta and Bombay are Rs. 5,000, Rs. 1,39,000 and Rs. 1,52,000 respectively. Receipts of Rs. 1,35,000 have been estimated for 1931-32. In 1930-31 the receipts were Rs. 1,47,268 and the expenditure was Rs. 2,72,965; there was thus a loss of Rs. 1,25,697.

2. *Organisation.*—The Calcutta station has a Director on Rs. 1,000 p. m. and the establishment costing Rs. 36,000 consists of a programme director, engineers, clerks and servants. There is a provision of Rs. 41,200 for the artists who perform for the broadcasting service. Supplies and services cost Rs. 26,800 and contingencies Rs. 21,000.

The Bombay station has a Director on Rs. 600 per mensem and an establishment consisting of a programme director, engineers, clerks and servants costing Rs. 31,400. There is a provision of Rs. 44,000 for the artists and of Rs. 5,100 for travelling and other allowances. Supplies and services cost Rs. 34,500 and contingencies Rs. 29,800.

3. *Proposals.*—The Government of India paid 3 lakhs for the two stations and their equipment and undertook this service as an experimental measure for two years. We are aware that that period is not yet over. We have also taken into consideration the facts that stockists of radio goods will suffer and some private radio installations will, to some extent, be rendered useless, if the service is shut down completely.

We concede that there is some force in the argument that broadcasting has its uses, but we see no early prospect of its becoming a self-supporting service. At present it involves a net loss of about 1¼ lakhs. Our conclusion therefore is that it should be closed down. As regards the disposal of the two stations at Calcutta and Bombay a suggestion was made that the plant, machinery, apparatus and other similar equipment might be stored and a small establishment estimated to cost Rs. 700 p. a. might be entertained to look after them. We cannot accept this suggestion, for we fear that these are likely to get out of date very soon. Our proposal therefore is that they should be sold outright for what they can fetch.

ABDUR RAHIM.
RAM SARAN DAS.
ABDUR RAHIM (for Mr. A. Rangaswamy Ayangar).
S. C. MITRA.
M. SHAH NAWAZ.
HAR BILAS SARDA.
J. RAMSAY SCOTT.
J. RAMSAY SCOTT (for K. B. Hafiz Wilayatullah)
J. C. NIXON.

(As regards the late Mr. K. C. Roy's views para. 24 on page 10 may be seen.)

Dated 16th September 1931.
Simla.

S. P. SHAH,
Secretary.

Summary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the proposals in Chapters II to XXVI of this Report.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30 Actuals. (*Lakhs*).	1931-32 Budget. (*Lakhs*).	Immediate reduction. (*Lakhs.*)	Remarks regarding the proposed reduction.
1	II. Taxes on Income ..	17	70·35	75·87	7·00	There will also be additional revenue of 50 lakhs from the proposal in paragraph 4 (*vi*).
2	III. Stamps	20	·09	—·03	*Nil*	
3	IV. Forest	21	10·16	11·30	6·61	
4	V. Executive Council ..	28	5·37	5·79	*Nil*	
5	VI. Bureau of Public Information.	32-B	1·57	1·41	·40	
	VII. Intelligence Bureau ..	32-C	11·68	7·11	·47	*Plus* a substantial reduction in the grant of 2·60 lakhs for Secret Service Contingencies. Amount of reduction cannot be estimated.
7	VIII. Central Board of Revenue.	41	3·23	3·07	·82	Of this ·43 will accrue when the present senior member retires
8	IX. Police	45	1·93	1·99	·30	
9	X. Survey of India ..	48	40·27	41·50	27·50	
10	XI. Meteorology	49	12·90	21·48	5·98	
11	XII. Geological Survey ..	50	5·68	5·69	3·55	
12	XIII. Botanical Survey ..	51	2·75	2·98	1·31	
13	XIV. Zoological Survey ..	52	2·03	2·30	1·70	
14	XV. Archæology	53	16·12	16·01	5·38	The reduction will be 5·50 when the Epigraphist retires.
15	XVI. Mines	54	2·51	2·63	·44	
16	XVII. Other Scientific Departments.	55	5·18	3·24	·05	
17	XVIII. Education ..	56	8·44	18·87(1)	6·38	About ·27 is still provisional. 6 lakhs (non-recurring grant) would have gone out in any case.
18	XIX. Medical Services ..	57	10·52	9·95	3·35	There will be an addition of 1 lakh to Army Estimates.
19	*Public Health* ..	58	15·26	13·92	5·58	1·38 more will have to be added to 1932-33 budget for the Hygiene Institute (in place of 3½ lakhs proposed by the Department).
20	XX. Agriculture	59	15·86	15·37	6·91	Some receipts also would be lost when the sub-sections are given up.
21	Imperial Council of Agricultural Research.	60	16·55	8·00	4·22*	·24 on account of sugar cable service receipts will also be lost.
22	Civil Veterinary Services	61	7·79	8·30	·67	
23	XXI. Industries	62	2·07	1·97	·24	
24	XXII. Aviation	63	17·64	35·77(2)	28·52	
25	XXIII. Emigration—(External).	67	2·40	2·60	·40	
26	XXIV. Imperial Library.	69-A	·57	·53	·17	
27	Indian War Memorial	69-F	·06	·07	·05	
28	XXV. Explosives ..	69-C	·86	1·12	·25	
29	XXVI. Broadcasting ..	69-I	*Nil*	2·96	2·96	About 1½ lakhs receipts will go. Sale proceeds of stations and equipment cannot be calculated.
	Total ..		289·84	321·77	121·21	

* When Pusa and Muktesar are taken over there will be additional expenditure; it will be off-set by savings in E. H. and L. Department larger than the additional expenditure.

(1) Includes non-recurring grants of 6 lakhs each to Benares and Aligarh.

(2) Includes 4·19 lakhs shown in High Commissioner's and Secretary of State's budget.

H247FinD—300—3-2-32—GIPS

REPORT

(INTERIM)

OF THE

GENERAL PURPOSES SUB-COMMITTEE

OF THE

RETRENCHMENT ADVISORY COMMITTEE

DECEMBER 1931

PART II.

CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH: 1932

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CONSTITUTION AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with—

(*i*) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose o reviewing the public expenditure on these excepted items.)

(*ii*) consideration of, and co-ordination of, the proposals made by the other Sub-Committees relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

(1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A., (*Chairman*).

(2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., *Member*.

(3) Mr. RANGASWAMY AYANGAR, ,,

(4) Mr. S. C. MITRA, M.L.A., ,,

(5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., ,,

(6) Mr. K. C. ROY, C.I.E., M.L.A., ,,

(7) Rai Sahib HAR BILAS SARDA, M.L.A., ,,

(8) Mr. RAMSAY SCOTT, M.L.A., ,,

(9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., ,,

(10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department), *Member*.

Mr. S. P. SHAH, I.C.S. (up to 7th June 1931 Mr. W. R. TENNANT, I.C.S.), *Secretary*.

Reference—

"To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

---

* *i.e.*, to the Retrenchment Advisory Committee.

CHAPTER I.

General Observations.

(1) *Expenditure Surveyed.*—The General Purposes Sub-Committee has the honour to present its second interim report in which the following grants showing a total expenditure of Rs. 32,43,54,000, of which Rs. 13,70,26,000 is voted and Rs. 18,73,28,000 non-voted, have been dealt with. Of these, Rs. 24,12,39,000 represent grants under Interest heads, Pensions and Refunds, leaving a total of Rs. 8,31,16,000 with respect to which possibilities of economy have been considered. (These figures include 39·43 lakhs for the Nasik Presses.)

16—Customs ; 18—Salt ; 19—Opium ; 25 and 26—Debt Services ; 27—Staff, etc. of the Governor-General ; 29—Council of State ; 30—Legislative Assembly and Legislative Assembly Department ; 32-A—Home Department ; 32-D.—Reforms Office ; 33—Public Service Commission ; 34—Legislative Department ; 35—Department of Education, Health and Lands including the Office of the Keeper of Records ; 36—Finance Department (Ordinary Branch) ; 38—Commerce Department ; 40—Department of Industries and Labour ; 42—Payments to Provincial Governments for the administration of Agency Subjects ; 44—Administration of Justice ; 46—Ports and Pilotage ; 47—Lighthouses and Lightships ; 64—Commercial Intelligence and Statistics ; 65—Census ; 66—Emigration—Internal ; 68—Joint Stock Companies ; 69—Miscellaneous Departments—Examinations, Office of the Controller of Patents and Designs, Actuary, Bushire Coal Depot, Courts of Enquiry and Boards of Conciliation ; 71—Currency ; 72—Mint ; 74—Superannuation Allowances and Pensions ; 76—Miscellaneous—Allowances and Rewards, Books and Periodicals, Charitable Donations and European Vagrancy, Tariff Board and other special commissions and committees of enquiry, Compensations, Rents, Rates and Taxes on central buildings, Grants-in-aid, Local Clearing Office, Indian Soldiers' Board, Indian Delegation to the League of Nations, International Labour Conference, Other miscellaneous and unforeseen charges, Institute for Disabled Soldiers, Other miscellaneous charges ; 77—Refunds ; 80—Delhi ; 82—Andamans ; 86—Expenditure under the control of the Secretary of State ; 87—Expenditure under the control of the High Commissioner ; Ecclesiastical (non-voted).

We sat from the 5th October 1931 to 29th October 1931 and examined 30 representatives of the Secretariat and heads of the Departments, also Sir Chunilal V. Mehta and Mr. B. Dass, Member of the Legislative Assembly. For the details of the sittings see Appendix I (page 15.)

In our first report our attention was mainly concentrated on a number of specific activities and projects of the Education, Health and Lands and the Industries and Labour departments. In this report, in addition to certain undertakings of the Government of India, we had to survey the general features of various administrative organs of Government, their constitution and interrelation and the channels and processes through which Government business is conducted. We have also considered the means that exist of controlling expenditure both in the Government and in the Legislative Assembly and have suggested certain improvements in this connection.

(2) *Statement of financial position by the Hon'ble Finance Member.*—Since the first report was issued, the Hon'ble the Finance Member has made an important statement on the financial position in introducing a bill in the Legislative Assembly to supplement the Indian Finance Act, 1931. In it he has given us a detailed and up-to-date picture of the gravity of the situation and the direction

in which it is drifting. He has told us that the deficit in 1931-32 and 1932-33 has been estimated to reach the appalling figure of 39 crores and 5 lakhs. There has been a serious fall under every head of customs revenue and in the income-tax revenue, in addition to heavy losses in commercial undertakings of Government, in extraordinary receipts and under financial headings. He further says that there is no justification for expecting any large improvement in the budgetary position next year and that in fact income-tax revenue may be considerably less than in the current year. He states " I feel that Hon'ble Members are entitled to ask for this (meaning a more definite and detailed reduction in expenditure) and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a certain improvement but any improvement that we seek to make by increasing taxation depends entirely on our estimate being realised and in the present conditions with reduced purchasing power and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are to say the least highly uncertain ". This is a frank and clear statement of the fundamental truth of public finance particularly applicable to the present conditions and correctly expresses the conviction which has underlain all our proposals. In dealing with the retrenchment proposals contained in our first report showing a saving of 1,21 lakhs out of a budget of 3,21 lakhs he accepted the figure (subject to further examination by Government), reduced by a margin of 20 lakhs, representing what he estimated as the charge for compensations and recurrent pensions payable in respect of officials whose posts are abolished, reckoning thus to get a net saving of about a crore on this part of the field. With respect to the remainder of the field now surveyed by us and presumably also the Foreign and Political Department and the " minor " administrations of North West Frontier Province, Baluchistan and Ajmer-Merwara which we have not yet dealt with, he gave a provisional estimate of a net saving of 90 lakhs. But he added, that if the General Purposes Sub-Committee find economies of greater extent than his own estimate so much the better. We do not know, for he has not told us, on what data this estimate of the Finance Department is based. But in this report which still excludes the expenditure under the control of the Foreign and Political Department we have found on a survey of the entire administrative arrangement of the Government and a close examination of its official establishments and procedure of business that economies of a much larger extent are possible in the demands which we have hitherto been able to explore.

(3) *Principles followed* :—We may here state that in making these proposals we have been guided by the same principles that we applied in dealing with other departments examined in our first report. We have proceeded strictly on the basis of the present constitution as indeed required by the implication of our terms of reference though not in so many words. At the same time we have not disregarded the warning of the Finance Member that there is a great deal of additional expenditure ahead of us in connection with the Round Table Conference and the subsidiary commissions and committees of enquiry and schemes like the proposed Reserve Bank.

(4) *Present constitution and administrative arrangements.*—In order that our proposals may be understood in their true significance, it is necessary that we should bear in mind the general features of the present constitution and the nature of the administrative machinery with its component parts. The Government of India is a subordinate government, the paramount control of its policy and of the entire Indian administration being vested in the British

Parliament and exercised by the Secretary of State for India at Whitehall. Some of the functions of the Secretary of State were delegated to a High Commissioner in London first appointed in 1920-21. The budget of the Secretary of State and his Council and office establishment under administrative heads was £295,168 immediately before the office of the High Commissioner was created, *i.e.*, in the year 1919-20. His gross budget now (*i.e.*, for 1931-32) is £220,125 not taking into account his salary which is borne by the British Budget and the High Commissioner's gross budget is £189,675.

This shows in the total an increase in expenditure in London of £114,632 within the last eleven years.

The chief features of the evolution of the government in India are well-known. In addition to the two older presidencies of Madras and Bombay, fully equipped and self-administering provincial governments have been established for the rest of India, excepting the frontier areas of the North West and Baluchistan and the smaller areas of Ajmer-Merwara and the Andamans. Provincial governments have come into being either by detachment of certain areas from the Central Government or by separation from the larger provinces and this process of decentralisation is still at work. The Central Government, however, retains powers of general control and supervision over the policy and administration of all local Governments with the exception of subjects popularly known as " transferred ".

By the Reforms of 1921 which opened a new chapter in the constitutional development of India the important subjects of Education, Medical and Health, Agriculture, Local Self-Government, Public Works, Provincial Finance and provincial services, and in some provinces Forests and Irrigation were transferred to the charge of Ministers responsible to the respective Legislatures. *Prima facie* these transfers should imply a very considerable relief to the Central budget. But we have shown in the first interim report that contrary to the spirit of the Government of India Act expensive establishments are still maintained in connection with some of these transferred subjects necessarily swelling its expenditure.

The Local Governments themselves through Executive Councils presided over by the Governor with full secretarial and departmental staff at the headquarters and extensive administrative and executive establishment in the districts, sub-divisions and other units of district administration administer the " reserved " subjects. It is therefore the general situation in the country and important questions affecting the good government of India as a whole which lie within the province of Government of India in the exercise of its powers of control and supervision over the administration of the provinces.

The main subjects that are centrally administered are All-India Finance, the Central Revenues, Army, Foreign relations, Political agencies, legislation affecting the whole of India, " minor " administrations (*viz.*, the North West Frontier Province, Baluchistan, Delhi Province, Ajmer-Merwara and the Andamans), Commerce, Railways, Posts and Telegraphs and Labour. In the Central Government are also vested the residuary powers. The administrative arrangements within the Government of India itself have been developing along similar lines. The tendency throughout has been towards decentralisation of work through ' departments ', ' attached offices ', subordinate offices fully equipped with their staffs. They work under six different divisions of the secretariat each in the charge of a Member of the Viceroy's Council.

(5) *Growth of Expenditure.*—The following table will show the growth of expenditure in different divisions of the secretariat and in the departments and ' attached ' and ' subordinate ' offices as manifested in the respective budgets of 1913-14 (a pre-war and normal year), 1921-22 (shortly after the Reforms when

the Inchcape Retrenchment Committee was appointed under financial stress somewhat similar to the present, though not so acute), 1924-25 (when the effects of the economy proposals of the Inchcape Committee would be expected to appear in the budget) and 1931-32 (the present financial year). Details under each head with explanations are given in Appendix II (pages 16-21).

	1913-14.	1921-22.	1924-25.	1931-32.
Expenditure accounted for on behalf of the—				
Commerce Department . . .	40·84	61·42	63·63	83·64
Department of E., H. & L. . .	68·13	1,46·51	1,18·92	1,62·52
Finance Department. . . .	4,64·78	6,30·75	5,83·01	7,29·35
F. & P. Department . . .	4,07·07	4,89·12	5,49·43	6,52·76
Army Department. . . .	29,88·26	59,59·16	59,73·20	56,54·18
Legislative Department and Legislative Assembly Department.	3·98	14·85	13·67	15·35
Industries & Labour Department .	7,12·34	13,13·34	12,63·42	16,81·17
Home Department . . .	56·69	1,08·59	1,05·93	1,67·23
	47,42·09	87,23·74	86,71·21	91,46·20

(6) *Commissions and Committees.*—In addition, however, to the Secretariat and the various permanent departments and offices a great deal of the business of the Government of India is transacted through Commissions and Committees of enquiry. We give in appendix III (pages 22-27) a list showing the various Commissions and Committees that were appointed since 1921. Their total cost amounts (in lakhs) to Rs. 1,43·07 as shown below :—

1921	10·59
1922	3·27
1923	23·77
1924	9·77
1925	9·15
1926	19·07
1927	20·08
1928	11·51
1929	29·48
1930	2·67
1931	3·71
	1,43·07

The above figures tell their own tale.

(7) *Government departments and non-official agencies.*—Now let us take a bird's eye-view of the various official and non-official agencies maintained at present in this country for the discharge of Government of India's responsibilities. For securing the support of the people in their financial and their legislative proposals and for ascertaining public opinion on the administration, the Government act mainly through the central legislature namely the Assembly and Council of State. The Legislative Department (a purely official body and distinct from the Assembly and the Assembly Department) with the Law Member in charge drafts bills for all departments of Government, interprets for them Statutes, Regulations and Rules, gives opinion on the legal questions that arise from day to day—having recourse for this purpose in specially

important or difficult matters to the Advocate General of Bengal and the Standing Counsel to the Government of India. The Department also administers the establishment of the Council of State. In all questions involving prolonged enquiries, Government, as already stated, avail themselves of commissions and committees of enquiry specially appointed for the purpose.

The official agencies of Government in addition to the Secretariat proper are, as mentioned above, allocated in different departments each in the charge of a Member of the Viceroy's Executive Council.

In the *Home Department* we have the following fully-equipped and self-contained offices :

The Public Service Commission (to help Government in the administration of all-India services in matters of recruitment, discipline, determination of domicile for the purposes of Lee concessions, questions relating to promotion and the like), the Bureau of Public Information (to collect and supply information to Government as to the trend of public opinion and to do publicity work on its behalf), the Intelligence Bureau otherwise popularly known as the Criminal Intelligence Department (which collects information for and advises Government in dealing with all-India problems relating to law and order and the effects thereon of political activities).

In the *Commerce Department* the Tariff Board makes enquiries and submits its recommendations in connection with fiscal proposals, the Commercial Intelligence and Statistics Department is entrusted with work of the nature indicated by its title and the Nautical Adviser and the Chief Surveyor along with the Chief Inspector of Lighthouses and Lightships advise Government with respect to shipping matters. The Actuary is in charge of Insurance and other actuarial work. The Railway Board with its own Financial Commissioner administers all State Railways, also under the Commerce Member.

The *Industries and Labour Department* has the Director General and his staff in charge of Posts and Telegraphs. A Chief Engineer and his staff administer the Public Works Department and similarly the Geological Survey, Mines, Dhanbad School of Mines, Meteorology, Civil Aviation and the Indian Stores Department are each administered by separate directorates and administrative officers.

In the *Education, Health and Lands Department* the main portion of the work relating to Medical, Health, Education and Agriculture has been transferred under the Government of India Act of 1919 to the charge of Ministers in the provinces. But for dealing with such aspects of the work for which the Central Government makes itself responsible, we have the Director General of Indian Medical Service, the Public Health Commissioner, the Educational Commissioner, the Imperial Council of Agricultural Research and the Agriculture and Veterinary Experts. The department has also charge of the Survey of India, Archæology, Botanical Survey, Zoological Survey, Forests, Emigration, various Research Institutes and other Scientific Departments each with its own separate staff and a departmental head.

The *Finance Department's* ancilliary offices are : The Military Financial Adviser for Military Finance, the Financial Commissioner for Railways, and the Financial Adviser for Posts and Telegraphs, with their staffs, to advise the Honourable Finance Member with respect to their respective subjects. The Central Board of Revenue administers the revenue-collecting departments of Government (Customs, Taxes on Income, Salt, Opium and Stamps) and advises Government on revenue matters generally. The Accounts and Audit offices, the Controller of the Currency, the Masters of Mint, the Nasik Security Printing and Currency Note Presses have complete administrative staffs of their own.

In matters relating to Exchange, Currency, Mint, Public Debt, administration of Government securities and other kindred matters, the Finance Member receives information and advice among other sources from the Controller of Currency and the Imperial Bank of India. For preparing the Budget there is a responsible Budget Officer with the necessary establishment. The Finance Department proper, *viz.*, the Secretariat which is called the Ordinary Branch has in addition to the above departments and offices the following sections :— Finance and Accounts, Expenditure Branches I and II and the Schedule Branch for controlling expenditure, the Regulations Branches I and II for interpreting the C. S. R. and Fundamental Rules, the Cash Branch and the General Branch.

The problem with which we are specially concerned in the present enquiry relates principally to the growth of official staff with consequential increase in expenditure under the heads of pay, pensions, various forms of allowances, the cost of certain privileges and concessions, contingencies and supplies and services. Much of the increased expenditure is due either to the creation of ancillary departments and offices or to gradual expansion of those that already existed as will be seen from the history of the grants under their respective heads. One would have naturally expected that with extensive devolution of Government of India's responsibilities to local Governments on the one hand and the creation or expansion of subsidiary and subordinate offices under the Secretariat on the other, the work of the Central Government in the Secretariat proper would, in the first place, be considerably lightened. But it will appear from the budgets of the various sections of the Secretariat that their expenditure also has in most cases gone on increasing, in some more than in the others.

New Services.—The following are instances of new services which have been undertaken by the Central Government since 1921 for which large and expensive staffs and in many cases with highly paid directorates have been separately provided :—

Grant.	New service.	Budget provision, 1931-32. (In lakhs).	Remarks.*
17—Taxes on Income.	Centralisation of income-tax administration.	71·18 (approximate).	See Appendix II which shows that the cost of collection through provincial agency was 4·69.
21—Forest . .	Training of probationers for the Indian Forest Service.	·73 (approximate).	Part II, Chap. XXI, para. (III).
37—Separation of Accounts from Audit.	Institution of experimental offices in the United Provinces and N. W. F. P. and for certain central departments in connection with the scheme for the separation of accounts from audit.	Figures not separately available.	The total extra cost of the scheme is proposed to be saved under orders of the Finance Department.
42—Audit . .	Establishment of a Commercial Audit Branch.	Figures not separately available.	This has been dealt with by the Public Works and Audit and Accounts Departments Retrenchment Sub-Committee.

* The numerals refer to the chapters and paragraphs of this report in which reductions havebeen proposed by this Sub-Committee.

Grant.	New service.	Budget provision, 1931-32. (In lakhs.)	Remarks.
46—Ports and Pilotage.	(*i*) Institution of the training ship 'Dufferin' for the training of Indians for the Indian Mercantile Marine.	2·38	Part II, Chap. VIII, para. 8 (c) (ii).
47—Lighthouses & Lightships.	(*ii*) Centralisation of the administration of shipping and navigation and of lighthouses and lightships.	Figures not separately available.	Part II, Chap. VIII, para. 8.
49—Meteorology .	Provision of meterological facilities in connection with civil aviation.	9·20 (estimated).	Part I, Chap. XI, para. 5.
60—Imperial Council of Agricultural Research.	Agricultural Research	8·00	Part I, Chap. XX, para. 17.
62—Industries .	Indian School of Mines, Dhanbad.	1·97	Part I, Chap. XXI, para. 6.
63—Aviation .	Development of civil aviation.	35·77	Part I, Chap. XXII, para. 5.
67—Emigration—External.	Appointment of Agent in South Africa.	1·10	Part I, Chap. XXIII, para. 3.
69—Miscellaneous Depts.	Broadcasting . .	2·96	Part I, Chap. XXIV, para. 3.
76—Miscellaneous	Tariff Board . .	2·32	Part II, Chap. XVI, para. 12.
80—Andamans .	Reclamation of swamps	3·23.	Part II, Chap. XVIII, para. 7(*x*).
W. I. S. Agency (non-voted).	Assumption by the Government of India of direct relations with the States in Western India.	11·00 (approximate).	This shows the increased expenditure caused by the creation of this Agency.

(9) *New offices.*—In connection with the work formerly performed in the Secretariat itself, expensive new offices with highly paid officers in charge have also recently come into existence, some instances of which are given below :—

Grant.	New offices.	Budget provision, 1931-32. (In lakhs).	Remarks.*
30—Legislative Assembly & L. A. Department.	L. A. Department .	4·17	Part II, Chap. VI, para. 5, page 60.
32—Home Department.	Reforms Office .	2·34	Part II, Chap. VI, para. 5, page 64.
32—Home Department.	Bureau of Public Information.	1·39	Part I, Chap. VI, para. 4.
33—Public Service Commission.	Public Service Commission.	3·66	Part II, Chap. VI, para. 6, page 69.
41—Central Board of Revenue.	Central Board of Revenue.	3·07	Part I, Chap. VIII, paras. 5 and 6.
87—High Commissioner.	High Commissioner's Office.	75·11*	Part II, Chap. IX, paras. 9 and 10.
70—Indian Stores Department.	Indian Stores Department.	8·32 (net)	This is being dealt with by the Stores and Stationery and Printing Sub-Committee.

*Includes miscellaneous expenditure as well, *viz.*, leave salaries and agency items amounting to Rs. 41·32 lakhs.

(10) *To what extent is increased expenditure due to the development of a mocratic form of Government ?*—It is said generally that a substantial portion increased expenditure is due to the development of a democratic form of government taking the place of pure bureaucracy. Let us analyse the facts in this connection. The central Legislature and their departmental establishments with a total budget of Rs. 10·14 lakhs (the Legislative Assembly Department's budget is Rs. 4·17, the Legislative Assembly's budget is 4·12, and the Council of State's budget accounts for the growth of expenditure in the Legislative Department which administers it to the extent of about Rs. 1·85) must be entirely attributed to this source. We must also add under this head the increase in the number of commissions and committees of enquiry which within the last ten years cost the central revenues Rs. 1,43 lakhs. Further there can be no doubt that the activities of the Legislature have to some extent added to the work of most of the Government departments and the Secretariat in collecting information in order to enable Government to answer the interpellations of honourable members and to deal with resolutions and private bills.

But the real and effective cause of the growth of expenditure in so far as it is attributable to the introduction of popular voice in the administration is the dual character of the system leading to a conflict of outlook and interests. As a result of the Reforms there are two systems at work, each pulling its own way. It is perhaps the natural tendency of all centres of power to increase their own strength. We must not therefore wonder if the official Government tries more and more to fortify its position by as many lines of defence as possible. The popular voice on the other hand strives to assert its own authority on the administration. One signal outcome of the position is to be seen in successive concessions to the popular demand in the shape of commissions and committees of enquiry whose reports ultimately find their way into the official crucible. There has been yet another incentive to the growth of expenditure in the cry for Indianisation of the administration which in more than one instance has, we are persuaded, led to the creation of new posts. For instance the Railway Board consisted of four members in the year 1929 when an additional member — a statutory Indian—was appointed. It would be possible to add other instances.

(11) *New activities.*—A part of the increased expenditure is due to the Government of India having undertaken certain new activities. In our first report we recommended that new activities like the State Air Service and Broadcasting should be kept in abeyance until the financial situation improves and that the expenditure on certain other activities should be considerably curtailed either because in course of time their spheres of operation have become substantially narrowed or because of the development of certain institutions such as the Universities which can take up the work at less cost with perhaps better results, and in the cases of some departments on the general ground that they are overstaffed, for example, the Survey of India, the Geological Survey, Botanical Survey, the Forest Institute at Dehra Dun. The Tariff Board which has been dealt with in this report came into existence as a result of the fiscal policy adopted by Government on the recommendation of the Fiscal Commission.

(12) *Main problem before the Committee.*—Our main problem, however, is concerned with the continuous increase in expenditure in the Central Government caused by an overgrowth of staff. There can be no doubt that much of this growth is due to the establishment of separate ancillary departments and offices but since most of them have come into existence recently, we have, in order to avoid causing undue disturbance of existing arrangements, refrained

from recommending their merger in the Secretariat, although we believe that such a course would result in substantial reduction of the staff. We have, on the other hand, proposed reduction of the staff both in these subsidiary offices and the Secretariat proper and we also suggest that each case should be carefully watched with a view to see whether some of the headquarters establishments could not be amalgamated with the Secretariat with resulting economy. The present arrangements in so far as they lead to considerable duplication of work, as in our opinion they undoubtedly do, must be suitably modified in the interests of economy and also because they must lead in most cases to a loss of real efficiency. We have come to the conclusion that the only practicable solution of the position, however, largely depends on how far the Government and the Secretariat are prepared to change their attitude towards the ancillary departments and offices and the directorates of the latter towards their officers and assistants, both of which classes, we note, are educationally well equipped and undoubtedly very well paid. To take one instance, each of the revenue-collecting establishments of the Government of India is in the charge of a responsible and experienced officer assisted by junior officers of a good status—in many cases belonging to the I. C. S., and at the headquarters, in addition to the Secretariat proper, there is a Central Board of Revenue for purposes of supervision and control. As if these two sets of supervising and controlling agency over the local administration and executive staff were not enough, we find in the Salt department another intermediary—the Commissioner, Northern India Salt Revenue Department. We have accordingly recommended the abolition of his office. We are convinced that supervision and co-ordination is generally very much over-done in the Government of India. What is clearly needed is greater reliance on the sense of responsibility of the various units of administration. This view of the position is confirmed by such an eminent body as the members of the Public Service Commission in their replies to our questionnaires. They say:—" In most matters of importance with which the Public Service Commission deal it appears to them, as far as they can ascertain, that after the matter has been most elaborately considered by the five members of the Commission it is considered, *ab initio,* in the Government offices." This one sentence describes briefly but conclusively the evil of the present system. The distinguished Chairman of the Commission, Sir Ross Barker, cited cases before us in support of the above statement. The Commission also told us that Government of India do not sufficiently utilise their services and that in fact they could do much more work than what is actually entrusted to them.

Similarly we find that in practice enough use is not made of the results of the labours of non-official commissions and committees of enquiry. Here again the respective departments feel themselves bound to subject to 'elaborate and detailed examination'—to quote the very words of the memorandum of the Industries and Labour Department—the reports of these commissions and committees so that further considerable expenditure of public time and money is caused by a reconsideration of the very subject by officials of the Secretariat who have not the same opportunities nor in many cases the qualifications for dealing with it. There are now the reports of two such important bodies, the Labour Commission and the Banking Enquiry Committee before Government and according to the usual procedure it is naturally expected that additional staff would be requisitioned in order to deal with them. If one bears in mind the distinguished personnel of these two commissions, the time and labour they devoted to their task, the number of witnesses they examined, the Governments and the officers they consulted, the places they had to visit in connection with their enquiries and the amount of money which these enquiries cost to the country, it cannot be difficult to realise how indefensible

is the attitude and procedure which is ordinarily adopted by Government in these matters. If Government on the other hand confined themselves, in such cases, to the examination of the recommendations from the point of view of well-established policies and their political and financial effects, there would be a considerable saving in time and public expenditure.

In short, the proposals for economy which we have made can be easily carried out if Government treated their own subsidiary departments and officers and non-official bodies like commissions and committees of enquiry and also the legislature as so many responsible parts of Government and not as more or less extraneous and irresponsible bodies, the result of whose activities must in every case be scrutinised with a jealous and suspicious eye.

(13) *Organisation of the Secretariat.*—The Secretariat is not only overstaffed but the multiplicity of nomenclatures and official designations that prevail is apt to be misleading and to create confusion. We have for instance in the "officers"' list, 'Secretary', 'Additional Secretary', 'Joint Secretary', 'Deputy Secretary', 'Additional Deputy Secretary', 'Assistant Secretary', and 'Superintendents'. We have proposed that the normal officers' staff should consist of one secretary, one deputy secretary and one under-secretary and the establishment should be in charge of a Registrar, while the ministerial work in connection with 'cases' will be under the disciplinary supervision of assistants in charge of distinct groups. Assistants should note direct to officers. The posts of assistant secretaries and of superintendents who are promoted assistants should as a rule be done away with. The secretary, assisted by a deputy secretary, will help the Hon'ble Member in dealing with all important questions of policy and the political and financial effects of departmental proposals. In some special cases we have proposed an additional deputy secretary. We are convinced that in many departments there is too much noting. That should be reduced to the minimum. Routine cases, as far as possible, should not be allowed to occupy the time of officers. The under-secretary, if he is a junior officer, should only deal with the less important cases under the guidance of the deputy secretary or the secretary. We also wish to make it quite clear that except in cases where the posts of secretary or deputy secretary have been reserved by Statute for members of the I. C. S. all the others should be open to members of the other services and to assistants, if found fit. We have proposed a small extra remuneration for the assistants who will be placed in charge of sections. The above arrangements will be found entirely feasible, if the practice which now exists to a very limited extent, for heads of certain subsidiary departments and offices to submit cases direct to the Honourable Member in charge, be largely extended. We do not believe that this would result in decisions of Government being based on a narrower point of view and we are clearly of the opinion that no mere Secretariat etiquette or technicalities should be allowed to stand in the way of considerably modifying the procedure in the direction we have indicated.

We have recommended considerable retrenchment of the staff but we may add that if we had the time and the opportunity to examine still more closely the details of administrative arrangements at the headquarters and more particularly the establishments maintained in the provinces such as of the Customs, Income-tax, Salt and Ports and Pilotage, we believe we would have been in a position to recommend even larger economies. We are further of opinion that, if necessary, office hours may be extended in appropriate cases.

(14) In our first Report we recommended the withdrawal of the Lee concessions excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts. We were unable then to show the cost of these concessions but we are now informed that it amounts altogether to Rs. 52 lakhs, the share of the Central Government being 14 or 15 lakhs. We hold that having regard to the present state of the country's finances Government should retrench this item of expenditure whatever justification did or did not exist for it at the time the Lee Commission made their recommendations. This will mean a saving of Rs. 14 or 15 lakhs in the central budget.

We may observe here that real justification for growth of expenditure in a government should be sought in the increased wealth of the country and contentment of the people, but no such justification can be claimed in view of the falling revenues in spite of increased taxation in all forms and ever-growing political troubles due largely to economic distress and unemployment among various sections of the population.

(15) *Ecclesiastical expenditure.*—We have proposed that the Ecclesiastical establishments, which cost altogether over Rs. 32 lakhs, should not be a charge on the Indian revenues. The maintenance of an established Christian Church in this country is in our opinion a violation of religious neutrality which is the cornerstone of the policy of British régime in India. A portion of this budget provides for spiritual ministration to the British Army but how much exactly, the Commerce Department, which is in charge of the subject, could not tell us. It is not within our province to examine the need for providing for the services of clergy and chaplains for the Christian population generally or for the British Army in India and the General Purposes Sub-Committee would indeed be loath to stand against any class of people living in India receiving religious ministrations. But we had no hesitation in holding that the Indian revenues should not be burdened with the maintenance of an established Christian Church. In India there are very zealous and worthy missionary bodies of all denominations throughout the land and we entertain no doubt that they would be glad to take charge of the necessary religious services to all Christians employed in the Civil or Military departments of Government. Further, there is no reason whatever why the Christian population in India, permanent or temporary, should not like the others make their own provision for the satisfaction of their religious and spiritual needs. State-maintained established churches have, we believe, disappeared from practically the whole of Europe and America and the British Colonies and from parts of Britain itself. It is an anomaly that India of all countries should be made to maintain an established Anglican Church. We are told that some Moulvis and Granthis are maintained in the Indian Army establishments, but we entertain no doubt that retrenchment of these insignificant items of expenditure would in no way be objected to by the people if the Indian budget were relieved of the extremely heavy expenditure on the ecclesiastical establishments.

It has been suggested that since the East India Company confirmed many grants of revenue-free land in favour of Muhammadan and Hindu religious establishments, the maintenance of Christian ecclesiastical establishments is not a breach of religious neutrality. This argument is based on an entire misreading of history. In the first place the grants referred to were mostly confirmed by the Company either as the Diwan or Chief Revenue Officers of the Mughal Rulers of the day or from purely political considerations and it is

a fantastic travesty of facts to suggest that they did so in anticipation of the Government that followed establishing a Christian Ecclesiastical service to be maintained out of Indian revenues. . This is made still clearer by the fact that the British Government in India which subsequently took over charge of certain Muhammadan and Hindu pious endowments for purposes of better management was soon afterwards compelled by the pressure of Christian sentiment in England not to associate itself with non-Christian institutions. Further, the grants of revenue-free lands by way of Inams or Jagirs or Maafis were in fact made in most cases to certain holy fakirs and sannyasis for their monasteries and not for the maintenance of Muhammadan or Hindu ecclesiastical establishments properly so called.

It has also been said that our proposal that the revenues of the Central Government should not be charged with the expenditure on Ecclesiastical establishments is not within the purview of a retrenchment committee. The contention amounts to this that though we can properly recommend 'reduction' of expenditure to any extent that may be justified, we are not at liberty to recommend abolition of a certain head of expenditure altogether, however opposed it may be to any established policy of Government. Such an argument would only be tenable if the maximum proportion or quantum of reduction had been laid down by the terms of reference but no such limitation has, in fact, been imposed. On the other hand, we have recommended the total abolition of expenditure on certain activities and these recommendations have been accepted by Government, even though such activities were in no way opposed to any policy of Government, *e.g.*, Broadcasting, the Indian State Air Service.

We would, however, make an exception in the case of the grant amounting to about Rs. 1·33 lakhs for Christian cemeteries, because we think that India should be responsible for providing the last resting place for those who die in this country while in her service.

Mr. Ramsay Scott would confine his statement of the case to the following proposition :—

> "That the maintenance of the ecclesiastical establisments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed."

(16) *Further action by Government.*—We have already expressed our belief that there is room for still further reducing the expenditure of Government by curtailment of the staff and by reorganisation and we have in some specific cases recommended that Government should not be satisfied with the proposals that we have been able to make within the time at our disposal but should make supplementary enquiries. We should also note that as in most of the departments dealt with in our first interim report so in almost every department and office surveyed by us in the present enquiry the salaries and allowances are much in excess of what India can afford to pay. But we have made no definite proposals on the subject as it is a matter which will be the subject of a special enquiry.

(17) *Form of Estimates.*—We have mentioned in our first report that we are not satisfied with the way the "Detailed Estimates and Demands for Grants" is framed. We have again with respect to the grants examined in the present report encountered difficulties in ascertaining from the Detailed Estimates and Demands for Grants what exactly is the nature and amount of expenditure under certain heads. Nowhere in the Estimates and Demands for Grants could we find information relating to the cost of the concessions and privileges in the form of increased pay, passages for officers and their families, and other similar

items included in what are known as the Lee concessions. Similarly it is impossible to ascertain what is the actual cost of free residential accommodation provided for certain classes of officers. We also see no justification for the gross expenditure of the Nasik Security Printing and Currency Note Presses, which amounts to Rs. 39·43 lakhs, not being shown in the Detailed Estimates and Demands for Grants. We have further noticed that in more than one instance the receipts are not shown. We have also evidence that in some cases the figures given are not altogether reliable, for instance, the estimate for Civil Aviation.

(18) *Financial control.*—Although in our questionnaire (question No. 6) we asked for a full statement regarding the system of financial control over expenditure, it was not supplied to us by the Finance Department. A non-official body like ours, not possessing sufficient inside knowledge of the financial administration, was naturally handicapped, in the absence of a proper memorandum from the department, in eliciting by oral examination of its representatives all the information necessary to enable us to arrive at a satisfactory conclusion on the very important question whether the control of the Finance Department over the expenditure of the Government of India is or is not adequate and efficient.

On such data, however, as were available, our survey of the expenditure so far reviewed has convinced us that the financial control of the Finance Department needs to be considerably strengthened. The considerable increase in expenditure, which has taken place since effect was given to the recommendations of the Inchcape Retrenchment Committee, is in itself ample evidence to show that there has been laxity of control. Much greater vigilance is required on the part of the Finance Department to prevent any growth of expenditure. Any growth in revenue should not, in our opinion, be permitted to result in increased expenditure. Such increase in revenue, as may accrue, must be devoted to reducing the burden of taxation.

Although there are three sections (Expenditure Branches I and II and the Schedule Branch) in the Finance Department in addition to such provision as exists in each department for the examination of new proposals in their financial aspects, we are not satisfied that the control over such expenditure is sufficiently vigilant. Nor are we satisfied that the Standing Finance Committee supplies the necessary amount of check, probably owing to the fact that it does not get an accurate picture of the general financial position when the new proposals are submitted to its scrutiny. We suggest that the normal expenditure having been brought down to a level which would leave a reasonable surplus in the hands of Government even in times of depressoin such as these, proposals entailing additional expenditure should only be entertained when careful revenue estimates admit of such additions. We are perfectly conscious that the present financial stress is in some measure due to factors which could not have been, and were not in fact, foreseen by any country. At the same time, we are not satisfied that the present budgetary position has not been at least substantially brought about by preventible causes.

There is another factor which contributes to the growth of expenditure without reference to the revenue position. The Secretary of State being the final authority for the disposal of revenues of British India can and does enter into commitments without the approval of the Government of India, who have to handle the revenues and who are in the best position to know what moneys they have got available. The grant of Lee concessions, which, it is a matter of common knowledge, were forced upon the Government of India, is a case in point.

(19) *Appreciation of the Staff's work.*—We once again express our appreciation of the services rendered to the Sub-Committee by our Secretary, Mr. S. P. Shah, I.C.S., whose energy and enthusiasm has greatly lightened our work. Our thanks are also due to the Assistant (Mr. N. N. Singh), the stenographer (Mr. Gur Bakhsh Singh), the clerk (Mr. S. M. Badrud-Din) and the Assembly reporters, who had to work very hard throughout the sittings of the General Purposes Sub-Committee.

(20) *Summary of savings.*—We give below a table showing the effect of our proposals under various heads but it must be borne in mind that it was not possible to make exact calculations in a few cases.

Summary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the recommendations made in Part II of the Report.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30 Grant (Actuals). Lakhs.	1931-32 Grant (Budget). Lakhs.	Reduction proposed. Lakhs.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
1	II. Customs . .	16	96·17	96·44	16·00	
2	III. Salt . . .	18	127·05	124·12	12·00	
3	IV. Opium . .	19	48·81	73·63	2·21	Also additional revenue of ·11 lakh. Some other savings cannot be calculated.
4	V. Security and Note Presses, Nasik.	..	..	..	..	Savings proposed amount to 1¼ lakhs, *vide* Summary.
	VI. General Administration.	..	..	..	..	Army Department and Military Finance have both been excluded from consideration.
5	(1) G. G.'s staff, household, etc.	27	14·31	15·26	1·68	Only about ·40 is a genuine permanent saving.
6	(2) Council of State .	29	1·53	1·55	·65	
7	(3) Legislative Assembly and Legislative Assembly Department.	30	7·36	8·29	·41	Saving will be ·70 when the Deputy Secretary's post is abolished.
8	(4) Home Department	32	6·07	6·02	1·52	
9	(5) Reforms Office .	32-D	..	2·34	·70	
10	(6) Public Service Commission.	33	3·62	3·66*	1·36	Additional receipts of Rs. 2,500.
11	(7) Legislative Department including Solicitor's branch.	34	5·29	5·51	1·24	Includes a saving of ·26 in the Solicitor's branch.
12	(8) E., H. & L. Department including the Records Office.	35	7·76	8·18	2·25	Includes a saving of ·24 in the Records Office.
13	(9) Finance Department (O. B.).	36	6·47	7·44	1·71	Military Finance left out.
14	(10) Commerce Department.	38	3·94	4·83	·98	
15	(11) I. & L. Department.	40	5·94	6·53	1·90	
16	(12) Delhi-Simla move	..	..	5·79†	2·48	
17	(13) Payments to Local Governments for "agency" work.	42	2·58	2·30	*Nil*	
18	VII. Administration of Justice.	44	·53	·55	*Nil*	
19	VIII. (1) Ports . .	46	9·61	11·92	1·50	There should be additional revenue of about 4½ lakhs.
20	Pilotage .		12·87	14·24	3·87	An extra provision of one lakh will be needed in 1932-33.

**Plus* ·64 under grant No. 69-B.—Examinations, savings on which are ·14.

†The 1931-32 provision for the Delhi-Simla move is already included in the 1931-32 provisions for the departments and attached offices. Many but not all of these provisions have been shown in this column. The provision has not been included in the total.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30 Grant (Actuals). Lakhs.	1931-32 Grant (Budget). Lakhs.	Reduction proposed. Lakhs.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
21	(2) Lighthouses and Lightships.	47	13·88	12·98	·25	*Plus* some other savings. But we leave the entire savings out of account.
22	IX. Commercial Intelligence, etc.	64	3·21	5·81	2·76	An additional saving of ·10 when Milan office is opened. Also *see* remarks against Serial No. 49.
23	X. Census . . .	65	·27	33·89	24·14	The reduction is automatic.
24	XI. Emigration—Internal.	66	·43	·47	·16	
25	XII. Joint Stock Companies.	68	1·29	1·43	·09	
	XIII. Miscellaneous Departments.	69	..	..	..	Total saving in these portions of grant No. 69 is ·26 lakh on the 1931-32 provision of 1·88 lakhs.
26	(1) Examinations .	69-B	·56	·69	·14	
27	(2) Patents and Designs.	69-D	·90	·98	·11	
28	(3) Actuary . .	69-E	·33	·21	·01	
29	(4) Bushire Coal Depot.	69-G	..	·02	*Nil*	
30	(5) Courts of Enquiry, etc.	69-I	·07	·005	*Nil*	
31	XIV. Currency .	71	44·18	50·25	3·30	*Plus* some other savings.
32	XV. Mint . .	72	29·35	27·72	2·50	*Plus* some other savings and also a saving of ·09 in the near future.
	XVI. Miscellaneous .	76	..	..	..	Total saving in grant No. 76 is 2·46 lakhs on the 1931-32 budget provision of 35·11 lakhs.
33	(1) Allowances and Rewards.	76-A	·23	·32	·07	
34	(2) Books and Periodicals.	76-B	·74	·81	·16	
35	(3) Donations and Vagrancy.	76-C	·14	·15	*Nil*	
36	(4) Tariff Board .	76-D	2·24	2·32	1·00	
37	(5) Other Committees and Commissions of enquiry.	76-D	16·22	1·08	*Nil*	Savings likely to accrue cannot be estimated.
38	(6) Compensations .	76-E	25·52	25·52	*Nil*	
39	(7) Rents, etc. . .	76-F	2·13	2·14	*Nil*	There will be some savings, but they cannot be estimated.
40	(8) Grants-in-aid .	76-G	·55	·56	·18	On the Victoria Memorial.
41	(9) Local Clearing Office.	76-H	·19	·19	·18	Extra expenditure on one clerk accounted for under Legislative Department.

Serial No.	Chapter, number and name of grant.	Grant No.	1929-30 Grant (Actuals).	1931-32 Grant (Budget).	Reduction proposed.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot notes.
			Lakhs.	Lakhs.	Lakhs.	
42	(10) Indian Soldiers' Board.	76-I	·13	·15	·05	So far as civil estimates are concerned saving will be ·15.
43	(11) Miscellaneous and unforeseen charges.	76-J	12·45	·96	·45	
44	(12) Institute for Disabled soldiers.	76-K	·87	·25	·25	
45	(13) Other Miscellaneous charges.	76-K		·66	·12	
46	XVII. Delhi . .	80	44·06	47·06*	6·05	
47	XVIII. Andamans .	82	46·35	42·22†	9·40	Includes automatic saving of 3·23 lakhs "on works".
48	XIX. Secretary of State.	86	36·24	34·77	8·00	*Plus* such saving as may be effected in India's contribution to the League of Nations.
49	High Commissioner .	87	92·13	75·14‡	10·78	There will be an addition of about ·40 to expenditure when Milan office is opened. When Stores Department is reorganised, there will be an additional saving of about five lakhs.
50	XX.—Ecclesiastical— Non-voted .		31·63§	32·71‖	31·11	Include savings in minor administrations, etc.
	Total .		760·05	791·73	153·82	

Summary.—On our proposals the reduction of expenditure will be 153·82, or if the deterioration at Nasik is also taken into consideration, 153·57 lakhs. (In 1932-33 an extra lakh will be needed by Commerce Department.) To this 153·57 lakhs may be added about 15 lakhs on account of the present cost of Lee concessions (now specifically estimated by the Finance Department) to the civil estimates of the Government of India. From this 168·57, the saving of about ·25 on grant No. 47 should be excluded, since the saving does not affect the central Government's expenditure but the *pro forma* accounts of the Lighthouses and Lightships Fund.

It should also be borne in mind that of the savings proposed above the following are automatic, *viz.*, 1·50 under Pilotage, 24·14 under Census and 3·23 under Works (Andamans).

*Including expenditure provided for in other grants, the Delhi grant is 104·81 lakhs.

†Including expenditure provided for in other grants, the Andamans grant is 45·73 lakhs.

‡Includes 40·01 for leave salaries, pensions, etc., disbursed under instructions from India.

§Includes 2·15 provided in the grants for minor administrations, which has not been included in the total.

‖Includes 2·29 for minor administrations and ·25 for works in the Civil Works grant. These two amounts are not included in the total.

Savings or expenditure which are contingent or cannot be estimated have not been included in the calculation, and additional revenues likely to accrue have been indicated but have been excluded from the calculation.

Taking both parts of our interim report together, the reduction of expenditure on our proposals will be 288·92 lakhs on grants amounting in the aggregate to 11,13·49 lakhs. This is = 26 per cent.

Explanations.—(1) Under grant No. 21—Forest a saving of 6·61 was recommended in the first part of our Interim Report. On our revised proposals in Chapter XXI this saving *will be reduced* by 1·31 to 5·30 lakhs. (2) The forecasted expenditure for the Nasik undertakings is 9·43 lakhs. On the Sub-Committee's proposals the reduction in expenditure would be 1¼ lakhs. But, for purposes of the 1932-33 budget there will be a net deterioration to the extent of ·25 lakh.

APPENDIX I.

Statement showing the attendance of members at the meetings.

Names.	5th October to 29th October.	13th November.	16th November to 5th December.	Total.	Remarks.
Days of sitting . .	17*	1	12	30	*One (29th October) was an informal meeting when Mr. Nixon and Secretary met to frame an estimate of savings, Mr. Ramsay-Scott was also in attendance.
Sir Abdur Rahim . .	16	1	12	29	
The Honourable R. B. L. Ram Saran Das.	10	..	3	13	
Mr. Rangaswamy Ayanger.	..	..	..	*Nil*†	†Was in England throughout in connection with the R. T. C.
Mr. S. C. Mitra . .	12	1	12	25	
Mian Muhammad Shah Nawaz.	..	..	4	4	
R. S. Harbilas Sarda .	5	1	9	15	
Mr. Ramsay-Scott .	14	1	12	27	
K. B. Hafiz Wilayat Ullah	6	1	4	11	
Mr. J. C. Nixon . .	17	..‡	12	29	‡Was out of Delhi on Duty.

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX II.

Expenditure accounted for on behalf of the Finance Department.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Finance Department (Civil) . . .	4·10	6·26	4·85	7·44
Finance Department (Military) . .	1·56	6·06	5·53	6·96
Central Board of Revenue . . .	..	..	2·31	3·07
Total Secretariat Grant . .	5·66	12·32	12·69	17·47
OTHER GRANTS.				
Customs	41·34	64·96	66·08	96·44
Taxes on Income	4·69	23·06	59·44	75·87
Salt	92·52	1,56·13	1,26·56	1,24·12
Opium	1,52·41	1,79·62	2,35·14	73·63*
Stamps	1·68	36·28	4·69	—·03†
Home Administration—Secretary of State and High Commissioner . . .	39·27	1,09·79	70·42	1,09·91
Currency	35·64	48·71	35·68	50·25
Mint	19·90	13·92	13·68	27·72
Miscellaneous‡	1,12·57§	60·41	46·74	35·11
Audit and Accounts	39·59	67·64	76·64	1,16·56
Adjustments with Provincial Governments	...	28·94	50·74	...
Payments on account of Agency Subjects	..	·21	1·48	2·30
	5,45·27	8,01·99	7,99·98	7,29·35

* Decrease due to reduction of cultivation in pursuance of the policy of stoppage of exports from 1935.

† Stamps being manufactured in India, expenditure on purchase in England has disappeared. The cost of manufacture is not shown under this grant.

‡ The various Departments of Government administer the subjects included in this grant.

§ Includes " Civil furlough and absentee allowances " which are now debited to the respective subject heads of account.

‖Now distributed over the respective subject grants.

In order to arrive at comparable figures, which have been given below, the following adjustments have been made :—

(1) Owing to change in opium policy, the reduction in expenditure in 1931-32 is nominal only. 73·63 has therefore been taken as the figure of expenditure in 1913-14, 1921-22 and 1924-25.

(2) As in the case of (1), — ·03 has been adopted as the figure of expenditure in 1913-14, 1921-22 and 1924-25.

(3) Since the expenditure in 1921-22 and 1924-25 under "Adjustments with Provincial Governments" represented partly arrear payments and partly charges which are now shown under the respective subject grants, the whole of the amounts shown under the two years have been eliminated.

After these adjustments the totals for the various years will stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
4,64·78	6,30·75	5,83·0	7,29·35

Expenditure accounted for on behalf of the Commerce Department.

——	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Commerce Department . . .	3·46	4·99	3·22	4·83
OTHER GRANTS				
Commercial Intelligence . . .	1·51	2·97	2·97	5·81
Joint Stock Companies . . .	*	1·30	1·33	1·43
Ecclesiastical	19·15	30·51	31·30	32·43
Ports and Pilotage and Lighthouses and Lightships	16·72	21·65	24·81	39·14
	40·84	61·42	63·63	83·64

Expenditure accounted for on behalf of the Department of Education, Health and Lands.

SECRETARIAT GRANT.				
Department of Education, Health and Lands	..	4·19	5·07	6·98
Education Department . . .	2·74	..	..	..
Keeper of Records	·74	·88	·98	1·20
Revenue and Agriculture Department .	2·45†	3·52	..	..
Total Secretariat Grant . .	5·93	8·59	6·05	8·18

* Figures not separately available.

† Used to deal with many sources of revenue which are now "Provincial".

	1913-14.	1921-22.	1924-25.	1931-32.
OTHER GRANTS.				
Forest	2·98	10·82	10·63	11·30
Survey of India	25·94	42·63	31·83	41·50
Botanical Survey	·45	33·53	3·85	2·98
Archæology	3·58	10·72	13·73	16·01
Zoological Survey	1·29	1·55	1·46	2·30
Other Scientific Departments	·44	4·44	5·46	3·24
Education	3·36	3·53	4·17	18·87
Medical Services	4·53	4·53	2·04	9·94
Public Health	11·90	11·20	5·39	13·92
Agriculture	5·47	10·08	18·56	15·37
Imperial Council of Agricultural Research	..	..	..	8·00
Civil Veterinary Services	2·03	7·06	7·32	8·30
Emigration—External	·23	·32	·53	2·60
	68·13	1,49·00	1,11·02	1,62·51

Expenditure accounted for on behalf of the Home Department.

SECRETARIAT GRANT.				
Home Department Secretariat	3·24	6·62	5·79	6·02
Reforms Office	..	..	..	2·34
Bureau of Public Information	..	·84	1·33	1·39
Intelligence Bureau	3·67	8·29	5·57	7·11
Total Secretariat Grant	6·91	15·75	12·69	16·86
OTHER GRANTS.				
Staff, etc., of the Governor General	10·63	9·84	13·77	15·26
Executive Council	5·50	5·49	5·38	5·79
Public Service Commission and Staff Selection Board	..	·15	·11	3·66
Administration of Justice	..	..	·55	·55
Police	..	·7	1·97	1·99
Census	·41	..	..	33·89
Delhi*	12·70	37·50	32·73	47·06
Andamans and Nicobars†	20·54	39·79	38·73	42·22
	56·69	1,08·59	1,05·93	1,67·28

* Education, Health and Lands and other departments also administer some of these subjects.

†"Forest" is administered by the Department of Education, Health and Lands.

Expenditure accounted for on behalf of the Foreign and Political Department.

——	1913-14.	1921-22.	1924-25.	1931-32.
Foreign and Political Department Secretariat	7·17	9·93	8·54	11·74
North-West Frontier Province	1,22·41	1,75·03	2,20·55	2,46·78
Baluchistan	53·17	60·36	71·57	79·34
Ajmer-Merwara	9·09	13·20	14·23	18·48
Rajputana	12·18	13·21	14·18	12·92
Central India	15·89	13·14	14·18	12·92
Hyderabad	6·57	5·36	5·33	9·90
Excise (non-voted)	..	..	..	2·40
Political and Watch and Ward	1,74·53	1,80·39	1,64·34	2,26·82
Bangalore	6·06	10·50	22·66	14·16
W. I. S. Agency	..	..	13·85	16·83
	4,07·07	4,81·12	5,49·43	6,52·29

Expenditure under the control of the Army Department.

Army Department Secretariat	3·85	6·20	6·68	6·61
Military Expenditure	29,84·41	59,52·96	59,66·52	56,47·57
	29,88·26	59,59·16	59,73·20	56,54·18

Expenditure accounted for on behalf of the Legislative Department and Legislative Assembly Department.

Legislative Council	1·71	..	..	..
Council of State	..	2·25	2·06	1·55
Legislative Department	2·27	6·80	6·44	5·51
Legislative Assembly and Legislative Assembly Department	..	5·80	5·17	8·29
	3·98	14·85	13·67	15·35

Expenditure accounted for on behalf of the Department of Industries and Labour.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Industry Department	*	5·24	..	..
Public Works Department	3·21	4·16	..	..
Inspector General of Irrigation	·55	·85	..	..
Department of Industries and Labour	..	..	5·43	6·53
	3·76	10·25	5·43	6·53
OTHER GRANTS.				
Irrigation	14·70	27·11†	29·52	31·89
Indian Posts and Telegraphs and Indo-European Telegraph Departments	4,94·49	9,09·12	8,50·48‡	11,98·05
Meteorology	4·27	6·70	6·68	21·48
Geological Survey	3·06	4·19	4·58	5·69
Mines	·98	1·76	2·17	2·63
Industries	..	·57	60·91§	1·97‖
Aviation	..	·87	·22	31·58
Emigration—Internal	·82	1·00	·52	·47
Miscellaneous Departments ¶	2·32	3·33	3·90	6·57
Indian Stores Department **	..	4·03	10·64	8·32
Civil Works	1,55·82	1,53·53	1,77·73	2,41·28
Stationery and Printing	32·12	79·54	35·34	63·29
	7,12·34	12,02·00	11,88·12	16,19·75

* In 1913-14 there was a combined Commerce and Industries Department. The total expenditure has been shown under "Commerce Department".
† Budget estimate.
‡ Budget figure.
§ This includes figures for steel bounties.
‖ This represents Dhanbad School of Mines.
¶ Some of the subjects included in this grant are administered by other departments.
** Recoveries are now shown as minus expenditure. In 1924-25 they were shown as revenue and expenditure was voted gross. Certain receipts formerly treated as minus expenditure have been re-classified as Revenue.

In order to arrive at comparable figures, the following adjustments have to be made :—

(1) In 1931-32, gross cost of the Indian Stores Department should be taken.

(2) Gross figures should be taken for the years 1921-22, 1924-25 and 1931-32 under Stationery and Printing. (The figures for 1921-22 do not take into account certain recoveries, the figures for 1924-25 are net and the figures for 1931-32 take into account only certain recoveries.)

Making these adjustments the totals would stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
7,12·34	13,13·34	12,36·42	16,81·17

APPENDIX III.

(Reference—paragraph 6 on page 4.)

Statement showing the Commissions and Committees appointed since 1921 together with their cost from year to year.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
1	The Press Laws Committee . . .	1921	18,317 0 0
2	The Repressive Laws Committee . .	1921	14,058 0 0
3	The Racial Distinctions Committee . .	1921	35,821 9 8
4	The Second Telegraph Committee . .	1921	2,500 0 0
5	The Military Requirements Committee .	1921	6,929 0 0
6	The Committee appointed to consider the Esher Committee's report.	1921	*Nil.*
7	The Cantonment Reforms Committee . .	1921	Cost unknown.
8	The Indianisation Committee . . .	1921	Cost unknown.
9	Government Securities Committees . .	1921	11,000 0 0
10	Railway Finance Committee . . .	1921	67,916 0 0
11	Indian Railway Committee . . .	1921	4,60,080 0 0
12	Deck Passengers' Committee . . .	1921	59,934 0 0
13	Burma Reforms Committee . . .	1921	20,000 0 0
14	Special Committee to enquire into and report on certain matters relating to the Indian Institute of Science, Bangalore.	1921	*Nil.*
15	Statute Law Revision Committee . .	1921	*Nil.*
16	Committee on Indian Students . . .	1921	14,341 0 0
17	Fiscal Commission	1921	3,47,803 0 0
18	Braithwaite Committee	1922	22,448 0 0
19	Committee on Public Petitions . . .	1922	*Nil.*
20	Staff Selection Board Committee . . .	1922	*Nil.*
21	Indian Arms Rules Committee . . .	1922	16,046 1 0
22	North West Frontier Enquiry Committee .	1922	76,550 0 0
23	Railway Industries Committee . . .	1922	*Nil.*
24	Seamen's Recruitment Committee . .	1922	7,383 13 11

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
25	Machinery Committee	1922	1,200 0 0
26	Bengal Pilot Service Committee . . .	1922	6,000 0 0
27	Railway Risk Note Committee . . .	1922	4,186 0 0
28	Railway Depreciation Committee. . .	1922	38,933 0 0
29	The Indian Retrenchment Committee . .	1922	71,000 0 0
30	The Waziristan Committee . . .	1922	Cost unknown.
31	New Capital Enquiry Committee . .	1922	8,500 0 0
32	Preliminary Committee on Workmen's Compensation Bill.	1922	3,913 6 0
33	Railway Accounts Committee . . .	1922	68,050 0 0
34	Piece Workers' Committee . . .	1922	2,911 13 3
35	Tariff Board	1923	17,78,002 0 0*
36	Indian Mercantile Marine Committee . .	1923	1,37,623 0 0
37	Railway Statistics Committee . . .	1923	27,941 0 0
38	Committee to make recommendations regarding the re-organisation of the administrative methods of the Forest Department.	1923	4,450 0 0
39	Coal Dust Committee	1923	12,652 0 0†
40	Committee on Police Uniforms . . .	1923	1,500 0 0
41	Calcutta High Court Committee . . .	1923	2,934 0 0
42	Indian Bar Committee	1923	1,12,000 0 0
43	Royal Commission on Superior Civil Services	1923	3,00,000 0 0
44	Civil Justice Committee	1924	2,50,000 0 0
45	The Reforms Enquiry Committee . .	1924	46,000 0 0
46	Locomotive Standards Committee . .	1924	33,569 0 0
47	Colonies Committee	1924	37,770 4 0
48	The Auxiliary and Territorial Forces Committee.	1924	17,500 0 0
49	The Indian Taxation Enquiry Committee .	1924	4,86,000 0 0‡

* Expenditure upto 1931-32.
† Expenditure incurred upto 1929-30.
‡ Influenced by discussions in the Indian Legislature. A resolution was also moved in the Council of State in 1923.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
50	The External Capital Committee . .	1924	*Nil.*
51	Coal Committee	1924	76,162 0 0
52	The Posts and Telegraphs Department Committee.	1924	30,000 0 0
53	Track Sub-Committee	1925	30,000 0 0
54	Carriage and Wagon Standards Committee .	1925	74,198 0 0
55	The State Railways Workshop Committee .	1925	75,187 0 0
56	Bridge Sub-Committee	1925	40,000 0 0
57	Committee to enquire into the question of giving financial assistance to the Lady Hardinge Medical College, Delhi.	1925	3,703 9 0
58	Deputation of the Government of India to South Africa.	1925	75,000 0 0
59	Committee on the cost accounting in the Army in India.	1925	20,624 0 0
60	Indian Sandhurst Committee . . .	1925	1,67,871 0 0
61	Committee to report on horse breeding in India	1925	13,496 0 0
62	Royal Commission on Indian Currency and Finance.	1925	2,87,000 0 0
63	Standing Committee of Chief Engineers .	1925	*
64	Committee to enquire into the working of the London Timber Agency of the Government of India.	1925	10,060 0 0
65	The Indian Economic Enquiry Committee .	1925	1,18,000 0 0
66	Tariff Board (Cotton Textile Industry Enquiry).	1926	1,36,919 0 0
67	Government of India delegation to South Africa.	1926	1,17,000 0 0
68	Committee to report on the condition of the Imperial Library, Calcutta.	1926	*Nil.*
69	Frontier Civil Forces Committee . . .	1926	37,574 0 0
70	Committee to enquire into the Back Bay Reclamation Scheme.	1926	1,39,000 0 0
71	Track Sub-Committee	1926	25,000 0 0

* The cost involved was very small. As the members of the Committee belonged to various Railways. As their pays and allowances were borne by their respective Railways.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
72	Vocational Training Committee . . .	1926	2,852 8 0
73	Committee of enquiry appointed to investigate the affairs of the Army Canteen Board.	1926	*Nil.*
74	The Ordnance Supply Committee . .	1926	12,227 15 0
75	The Second Innes Committee . . .	1926	250 0 0
76	Royal Agricultural Commission . . .	1926	14,34,666 0 0*
77	Indian Army Ordnance Accounts Committee.	1926	1,066 0 0
78	The Indian States Committee . . .	1927	2,07,294 0 0†
79	The States Opium Enquiry Committee .	1927	32,365 0 0
80	Indian Road Development Committee .	1927	1,31,229 0 0
81	Transfer of Property Committee . . .	1927	31,990 0 0
82	Government of India Deputation to Africa .	1927	66,000 0 0
83	Deputation of Educational Experts to South Africa.	1927	30,000 0 0
84	Committee to enquire and report on the allocation of a permanent site for the Delhi University Buildings and the extent and nature of assistance to be given to it.	1927	1,899 0 0
85	Committee on the organisation of Medical Research under the Government of India.	1927	‡ 12,477 0 0
86	Committee to consider the question of residence and accommodation for members of the Indian Legislature.	1927	*Nil.*
87	Advisory Committee in connection with the scheme for the encouragement of Indian Artists by providing facilities for the decoration of certain Government Buildings in New Delhi.	1927	625 0 0
88	The Indian Cinema Committee . . .	1927	1,96,949 0 0
89	The Indian Statutory Commission . .	1927	12,97,284 0 0†
90	Trade Mission	1928	44,851 0 0
91	Age of Consent Committee	1928	2,95,400 0 0

* Includes expenditure in England.

† Against this expenditure, a portion of which was incurred in 1930-31 His Majesty's Government have made a contribution of £20,000 and promised a further contribution of £60,000 out of which 1/3rd of the expenditure incurred by Provincial Governments on account of the Commissions of enquiry should be refunded.

‡ Exclusive of Rs. 25,000 contributed by the Indian Research Fund Association.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
92	Indian Central Committee	1928	6,01,495 0 0*
93	Auxiliary Committee of the Indian Statutory Commission.	1928	2,09,161 0 0
94	Indian Sale of Goods Bill Committee . .	1929	8,206 0 0
95	Watch and Ward Committee . . .	1929	2,543 0 0
96	Hides Cess Enquiry Committee . . .	1929	46,426 0 0
97	Indian Forestry Committee . . .	1929	27,300 0 0
98	Haj Enquiry Committee	1929	1,97,800 0 0
99	Primary Education Committee . . .	1929	48,933 0 0
100	Royal Labour Commission	1929	12,80,000 0 0
101	Indian Central Banking Enquiry Committee.	1929	6,14,518 0 0
102	Indian Provincial Banking Enquiry Committees.	1929	6,50,939 0 0†
103	Central Areas Banking Enquiry Committees .	1929	71,283 0 0
104	The Peshawar Disturbances Enquiry Committee.	1930	76,550 0 0
105	Special Committee to examine a bill to amend and define the law relating to partnership.	1930	9,292 9 0
106	The Salt Survey Committee . . .	1930	40,073 0 0
107	The Lady Hardinge Medical College Enquiry Committee.	1930	2,848 0 0
108	Special Committee appointed to investigate certain facts relevant to the economic and financial relations between British India and Indian States.	1930	28,156 0 0
109	The Drugs Enquiry Committee . . .	1930	1,10,000 0 0
110	Committee to enquire into the causes of the high mortality among repatriated Indians on board S. S. "Sutlej."	1930	400 0 0
111	Committee to enquire into the working of the special organisation in Madras for dealing with emigrants returning to the Presidency from South Africa under the scheme of assisted emigration.	1930	No expenditure was incurred.

* Includes expenditure both in India and England.
† Inclusive of Rs. 92,614 contributed by Local Governments.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
112	Inland Steam Vessels Rates Advisory Committee, on the complaint of the Pioneer Motor Boat Company, Dacca, against the India General Navigation, and Railway Company, Limited, and the River Steam Navigation Company, Limited.	1931	*
113	North West Frontier Province Subjects Committee.	1931	35,510 0 0
114	Sind Financial Enquiry Committee . .	1931	25,240 0 0
115	The Tribal Control and Defence Committee .	1931	25,819 0 0
116	The North-West Frontier Province Regulation Committee.	1931	52,066 0 0
117	The Indian Military College Committee, 1931	1931	18,138 7 0
118	Posts and Telegraphs Accounts Enquiry Committee.	1931	15,300 0 0
119	Court of enquiry under the Indian Trades Disputes Act.	1931	24,000 0 0
120	Retrenchment Committees (including Retrenchment Office and Sub-Committees).	1931	1,75,000 0 0

* The machinery of the Railway Rates Advisory Committee was utilised in undertaking this enquiry. The question whether the General Budget should pay a contribution to the Railway Budget for the cost of the enquiry, and if so the amount thereof, have not yet been settled.

CHAPTER II.

GRANT NO. 16.—CUSTOMS (96·44 lakhs).

(1) *Explanation of the grant.*—The Customs grant of 96·44 lakhs is one of the largest grants in the civil estimates of the Government of India, and consists of the following items :—

	Lakhs.
(*i*) Pay of officers (8·09) and of establishments (49·78)	57·87
(*ii*) Compensations, which are mostly non-voted	16·64
(*iii*) Payment of overtime and holiday allowances to officers	9·71
(*iv*) Grants to charitable, recreation and similar welfare institutions	2·43
(*v*) Allowances, honoraria, etc.	3·26
(*vi*) Boats—Purchase and repair of boats (·42); their equipment and stores (·30)	·72
(*vii*) Supplies and services (1·44) and contingencies (2·50)	3·94
(*viii*) Payment to other departments, governments etc.	2·14
(*ix*) Land customs charges other than pay of staff	1·31
(*x*) English charges on stores	·04
Deduct contributions (·85)* and "probable savings" (·78)	—1·63
	96·43=96·44

(2) *Customs policy.*—Broadly speaking, the land frontier of India is free, the only exceptions being (*i*) the frontiers along the foreign enclaves, *viz.*, the French and Portuguese settlements, (*ii*) Burma-Siam frontier and (*iii*) the Viramgam-Dhandhuka cordon. As regards harbours along the sea the policy is to encourage trade to go to the major ports, where the necessary trained technical staff is available. The harbours and ports of maritime states are, generally speaking, treated as "foreign" ports ; the important exceptions to this rule are Bhavnagar and ports in Cochin and Travancore States. Customs establishments are maintained on the frontier between Afghanistan and the North-West Frontier Province and Baluchistan in order to check the goods passing through India free of duty under the trade convention with Afghanistan.

(3) *Functions.*—The Customs Department as such is concerned with (*a*) the collection of the most important single head of central revenues, *viz.*, revenue from customs including that from certain excises, *e.g.*, motor spirit, petroleum, etc., and (*b*) with work incidental to its main duty at the ports or the land frontiers, *e.g.*, prevention of smuggling, collection of statistics, control of prohibited or restricted goods. It also collects light dues and cesses and royalties for local administrations and certain funds. Other work connected with the ports, *e.g.*, the administration of ports, pilotage, lighthouses, emigration, pilgrim traffic is no part of its own responsibility, even though under the present arrangements officers of one department frequently look after the work of other departments in addition to their own duties.

(4) *Administration.*—India has at present six ports classed as major ports, *viz.*, Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong. At these and some of the outlying ports customs work is under officers of the Customs Department ; at other outlying ports it is looked after by officers of other departments, generally Port Officers, an allowance being paid to them for their customs work. The arrangements are by no means uniform. In Bombay Presidency the Salt Department looks after (*i*) sea customs work everywhere except at Bombay proper, and (*ii*) land customs work. *Per contra*, the Customs Department performs duties in connection with imported salt at Calcutta and Chittagong. At some of the Burma ports the customs

*Establishment charges recovered from other departments, private bodies, recoveries on account of supervision of factories by customs officials or of customs staff at private wharves, and similar contributions from others for various services rendered.

staff is responsible for lighthouses and lightships. For the administration of customs on the Orissa coast the Government of Bihar and Orissa are still responsible, and receive a share of their cost. This outline shows that the administration of customs still retains many of the vestiges of the pre-reform system under which Local Governments used to be responsible, as agents, for customs, salt, ports, lighthouses, etc. It may also be added that in connection with inward foreign postal articles customs work is done by the Posts and Telegraphs Department in return for an annual payment of two lakhs.

(5) *Organisation.*—The Customs Department used to be controlled by the Commerce Department, but since 1924 the administrative control vests in the Central Board of Revenue. Apart from the exceptional cases where another department or a Local Government still looks after customs work (*e.g.*, minor ports in Burma and Bombay, or ports in Bihar and Orissa), the agency by which the Central Board of Revenue controls the work is the customs staff at the various ports.

At five of the six major ports there are collectors of customs ; two of these posts are reserved for the I. C. S. and the other three are filled by officers of the Imperial Customs Service. Among the outlying ports Chittagong is the most important and customs work there is in charge of an Assistant Collector of the Imperial Customs Service.

The Collector has under him the necessary staff consisting of (*i*) Assistant Collectors, (*ii*) audit and account officers, (*iii*) Appraisers and examiners, (*iv*) preventive service men and wharfingers, (*v*) chemists, (*vi*) clerks and (*vii*) inferior servants including boat crews. The following table shows the present strengths of each class of establishments at each of the six major ports, their outports, and at the land frontiers under (*a*) officers and (*b*) establishments.

	Calcutta.	Bombay.	Rangoon.	Madras.	Karachi.	Chittagong.	Outports.			Land frontiers.
							Burma.	Madras.	Bombay.	
(*i*) Officers—										
Collector	1	1	1	1	1	..	..	..	..	..
Assistant Collectors*.	7	7	3	3	3	1	..	..	..	..
Audit, etc.	..	..	1	1	1	..	..	..	..	..
Chemists	2	1	1	1	1	..	..	..	..	..
Others	10	10	2	2	2	..	..	6	..	5
Total	20	19	8	8	8	1	..	6	..	5
(*ii*) Establishments—										
Appraisers and Examiners	37	33	12	11	21	2	..	..	..	..
Preventive Service men.	..	37	..	..	13	..	..	..	..	..
Wharfingers	273	88	109	47	40	21	..	100	..	4
Chemists	..	111	..	..	26	..	..	..	..	..
Clerks	8	3	1	1	1	..	..	..	..	..
Inferior (including crews).	408	344	169	148	150	30	..	189	..	5
Others.	443	464	201	79	192	31	..	652	..	12
	16	39	23	2	8	2	..	..	..	1
(*iii*) Total	1,185	1,119	515	288	451	86	..	941	..	22

* In addition to above there are leave and training reserves of three Assistant Collectors and three probationers.

While each of the five custom houses has its own chemical staff on the spot, " chemical control " work is, at present, in charge of the present incumbent of the post of professor of chemistry at the Government College, Lahore ; he has a small special staff to assist him.

It only remains to add that unlike the Income-Tax or the Salt Departments, the Customs Department has no recognised class II service. It has however been proposed to classify certain posts as class II posts under the recent " classification " rules.

(6) *Scales of pay.*—Apart from the one selection post for which the pay is Rs. 3,000 *plus* overseas pay, the regular scale of pay for Collectors of Customs is Rs. 2,250—100—2,750 *plus* overseas pay. The Imperial Customs Service is on the scale of Rs. 350—50—1,500 *plus* overseas pay. The scales of pay for other posts vary from port to port.

(7) Growth of expenditure and receipts (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Expenditure . .	41·34	72·74	77·12	96·17	94·61	96·44
Receipts . .	11,13·78	45,41·84	44,98·19	51,27·66	54,63·81	56,45·97

A comparison of the ratio of expenditure to receipts is not of much help, since the growth of receipts is primarily due, not to the increased volume of trade but to enhancements in, and new additions to, the tariffs. Thus, since 1924-25 Government stores pay customs duties ; till then they used to come in free. The general tariff which used to be 5 per cent. in 1913-14 and 15 per cent. up to 1930-31 is now 25 per cent. Customs work has also grown in complexity not only since 1913-14 but even since 1922-23.

(8) *Inchcape Committee's proposals.*—This Committee's observation that compared with 1913-14 there was probably a falling off of trade in the period ending 1922-23 may be true of the state of trade today, but the precise position cannot be verified statistically. That Committee recommended that " the strength and pay of the staff at the various customs houses should be examined with a view to possible economies" but "having regard to the importance of maintaining the revenue", it did not recommend any further reduction. In fact, it was found necessary to increase the staff, and in the case of some establishments, to enhance the scales of pay.

(9) *Departmental proposals.*—The Central Board of Revenue proposes to reduce the number of Assistant Collectors' posts by five, subject to the proviso that two accounts officers' posts should be added to the cadre. This would save ·57 lakh. A lump cut of 10 per cent. is proposed in the other gazetted and non-gazetted staff ; on the former the saving would be ·33 lakh, and on the latter 4·78 lakhs. Other savings proposed are ·50 on allowances, ·20 under establishment charges paid to other departments and governments, ·05 under land customs charges and ·65 under other expenditure. Total 7·07 lakhs.

(10) *Our proposals.*—(*i*) From a study of the statistics relating to the expenditure, the revenue collected, and the numbers of staff to be controlled we conclude provisionally that there is no intrinsic justification for treating all collectors of customs alike in the matter of pay. We shall take this up at a later stage of our enquiry.

(*ii*) The sanctioned cadre of Assistant Collectors was 21 in 1913-14 and 24 in 1922-23 and now stands at 30. We agree with the Board's proposal that the cadre should be reduced. The *net* reduction it offers is three, *i.e.*, ten per cent. We do not think this goes far enough. We propose that, taking Collectors and Assistant Collectors together, at least six posts should be reduced;

the proposed reduction is a little over fifteen per cent. As regards the reduction of expenditure, we shall assume that it will be *pro rata*. Further, we think that the cost on other officers' posts should be similarly reduced by 15 per cent. In this connection our remarks in the next sub-para. may be seen.

The aggregate savings on our proposals will be 1·18 lakhs at the ports and ·03 at the land frontiers, *i.e.*, a total of 1·21 lakhs.

(*iii*) The Board has offered to effect a ten per cent. reduction in the establishments. We do not consider this offer adequate in the case of this department. India's overseas trade, both import and export, has declined appreciably. We recognise that a highly trained technical staff cannot be increased or decreased with every change in the volume of trade. But we hold that this contention, even if valid in the case of appraisers, chemists, and similar classes of technically trained men, is hardly applicable to the case of preventive servicemen, and the ministerial and menial establishments. It has again been argued that the decrease in the total volume of trade does not necessarily indicate a proportionate decrease in customs work ; in fact, we have been told that owing to the operation of the tendency for small individual consignments to increase at the expense of large and uniform ones, customs work is tending to increase inspite of the volume of trade remaining more or less the same. We concede that this contention has a little force, but we think it has been overstated. Our view is that taking everything into consideration a reduction of 15 per cent. in the *provision* for establishment is practicable. If the men to be retired or discharged are properly selected, the proportion so dealt with need not go up to 15 per cent. nor need it be uniform as between the various classes and grades of customs services ; this remark applies to sub-para. (*ii*) also.

Our proposal should yield a saving of 7·47 lakhs.

(*iv*) The staff is recruited for work at the ports, almost all of which are expensive stations. In our opinion the entire system of compensatory and house-rent allowances should therefore be abrogated. We cannot calculate the savings, since we do not know the amounts provided for such allowances. We are therefore reduced to proposing a cut of 15 per cent. on the provision for all allowances except those for overtime work. Finance Department has already issued orders cutting down certain allowances ; hence we think it will not at all be difficult to effect the reduction proposed by us, especially because the numbers will also decrease.

The resulting saving will be ·49 lakhs.

(*v*) Similarly, in the case of the following provisions the 1932-33 budget should be reduced by 15 per cent., *viz.*, (*a*) purchase and repair of boats, (*b*) stores and equipment of boats, (*c*) charges for the detection of offences, (*d*) supplies and services, (*e*) contingencies, (*f*) "other charges" at the land customs stations.

The total savings will be ·78 lakh, even after allowing for the entire minus provision for " probable savings " under this sub-paragraph.

(*vi*) The 1931-32 grant contemplates receipts of 12·35 lakhs by way of overtime fees realised from merchants and shippers and shipowners (6·52), penalty fees levied for work on Sundays and special holidays (4·73), and bond and other fees realised from merchants for work done during ordinary working hours (1·11). Out of this 12·35 lakhs the 1931-32 budget provides for the following payments, *viz.*, (*a*) 6·47 lakhs to officers out of merchants' overtime fees, (*b*) 3·39 to officers out of the penalty fees including crown overtime, (*c*) 1·34 *plus* ·57 brought forward from 1930-31, *i.e.*, 1·91 lakhs which is the amount available for grants out of penalty fees to seamen's and customs welfare institutions.

The following table gives the necessary information for the years 1929-30, 1930-31 and 1931-32 :—

	1929-30. (Actuals.)		1930-31. (Revised Estimates.)		1931-32. (Budget.)	
	Receipts.	Expenditure.	Receipts.	Expenditure.	Receipts.	Expenditure.
Merchants' overtime	6·34	6·36	5·75	5·84	6·52	6·47
Penalty fees . .	4·30	3·09 1·10†	3·81	3·39 1·10†	4·73	3·38 1·91†
*Bond and other fees for work during ordinary hours .	1·09		1·06		1·11	

We have examined very carefully the theory and practice of the system of levying penalty fees and overtime charges. We have no doubt that shippers and shipowners find it convenient to pay these rather than let their cargoes remain uncleared. We therefore propose that the system of charging such fees should remain unaltered in essence. We consider this case to be somewhat analogical to the case of " late fees " and " double charges " in the Posts and Telegraphs Department.

We are not, however, convinced that it is necessary to pay to customs officials the whole or even a large part of the fees so realised. A large proportion goes to preventive servicemen who, we consider, are already well-paid. Their duties correspond to the duties of police officers and the men used at one time to be drawn, to some extent, from the police. The scales of pay are in our opinion extremely liberal when compared with those in force for the corresponding grades of provincial police services operating in the ports concerned. We have been told that on the average " overtime " and similar emoluments amount to about one-third of the pay proper. Hence, we can see no justification for these additional emoluments. We may also cite the case of the ports establishments, who, broadly speaking, are paid, not the whole, but only one-half of the overtime earned for Government. The labour involved in the case of customs officials is not physical ; hence, the analogies of railways, mint and similar departments are not applicable to the case of the customs establishments. We hold that the ordinary theory of Government service, *viz.*, that a Government employee is deemed to be in service all the twenty-four hours of the day should be acted upon in this case. Scores of Government departments —central and provincial—involve overtime work for their staffs, but the payment of overtime allowances or even bonus is an exception proving the rule that a public servant must, whenever necessary, put in extra work without expecting extra wages. In fact, in the case of Customs and similar services such overtime work should be regarded as one of the normal incidents of service. We are not sure that the system of " overtime " allowances does not encourage abuses. On all these grounds, we hold that the entire system of overtime, etc., allowances can and should be abolish d. But, in the case of those already in service we would not go so far. With the exception of Mr. Ramsay-Scott we hold that Government are entitled to appropriate to themselves the whole or a part of the receipts from overtime and penalty fees charged to the public. The Sub-Committee, however, having regard to the practice that has obtained hitherto, recommends that 50 per cent. of the receipts should be appropriated to Government. Mr. Ramsay-Scott would, however, confine his recommendation to an appropriation of not more than one-fourth.

* These are entirely credited to Government.

† Payments to charitable and welfare institutions.

Payments from merchants' overtime fees and from penalty fees including crown overtime are made to officials of the department. The balance of fees levied for work on Sundays and special holidays after payment of penalty fees and crown overtime to officers becomes available for payment to seamen's and customs welfare institutions. In fact, we observe that a large majority of the institutions actually in receipt of grants are recreation clubs and institutions for mutual financial assistance among customs officials. Grants to such institutions are not a statutory obligation on Government, though we concede that it has been the customary practice of Government so far to make them. While we hold that Government are entitled and justified in refusing to continue these grants, we do not recommend such action. Some consideration should be shown to the institutions, since they would naturally expect the grants not to be discontinued all of a sudden. We therefore recommend that the same principles and percentage cuts should be applied to these grants as in the case of payments to officers.

Although receipts in 1931-32 are estimated to amount to 11·25 lakhs, the estimate of the amount available for expenditure is 11·77. Since, our proposal is for the reduction of expenditure rather than the increase of receipts, we estimate a saving of 5·88 lakhs from our proposals in this sub-paragraph.

(*vi*) Out of the provision of 2·14 for payments to other departments, governments and bodies the Board has offered a saving of ·20. We recommend that it should be accepted.

(*vii*) Chemical control work should, in our opinion, be made over to the Government Test House at Alipore.

(*viii*) We only wish to add that since the appointment of junior Indian members of the I. C. S. as Assistant Collectors is intended to train them for appointment as Collectors of Customs drawn from the I. C. S., the post of Assistant Collector held by an Indian member of the I. C. S. should not be brought under reduction. Such reduction as is given effect to should be in the cadre of Assistant Collectors belonging to the Imperial Customs Service.

(11) *Summary of savings.*— On our proposals the aggregate reduction of expenditure will be 16·03, or say, 16 lakhs.

CHAPTER III.

GRANT NO. 18.—SALT (125·15 lakhs).

(1) *Explanation of the grant.*—The 1931-32 estimates for all the Salt departments are Rs. 1,24·12 lakhs *plus* Rs. 1·03 lakhs (=£7,725) for overseas pay, leave salaries, etc., paid in sterling. The budget may be summarised below :—

	Direction.	Salt purchase and freight.	Royalties and compensations.	Capital expenditure.	Total.†
(*i*) N. I. S. R. .	31·09*	..	31·54	1·02	63·35
(*ii*) Madras . .	11·26	3·85	4·88	2·56	21·70
(*iii*) Bombay .	26·02	6·05	·87	·60	33·54
(*iv*) Burma . .	1·66	..	..	..	1·66
(*v*) Bihar and Orissa	·76	..	..	..	·76
(*vi*) Bengal . .	2·91	..	·20	..	3·11

(2) *Salt policy and functions of the Salt Department.*—Broadly speaking, the production of salt is not a Government monopoly except in Northern India and at Kharaghoda. Wherever salt is manufactured in India, it is " excised ". In Madras Presidency, Government retain the power of buying up salt from the factories at stipulated prices, the object being to control the price. Salt manufactured or purchased by Government is sold at cost price, which is arrived at by certain formulæ ; for this purpose Kharaghoda and Northern India sources are lumped together. Salt is not manufactured in Bengal, Assam, Bihar and Orissa, the United Provinces and the Central Provinces. The Salt Departments of Bombay, Madras and Burma are *mainly* concerned with the collection of the excise duty and preventive work. The import duty on salt imported into Bengal is collected by the Customs Department. In Northern India, however, the salt policy has led to concentration of production, which is a Government monopoly ; preventive work is an important feature of the administration of salt in Northern India. The Indian Statutory Commission suggested that the proceeds of the salt duty should be transferred to the provinces and distributed on a population basis (Volume 2, paragraph 294). The Round Table Conference proceedings indicate that " salt " may be federalised.

(3) *Organisation.*—(*i*) *General.*—The administrative control of all salt departments is vested in the Central Board of Revenue. There are four regular Salt departments, *viz.*, N. I. S. R., Bombay, Madras and Burma. In Sind, apart from the small separate establishment maintained at Maurypur (Karachi) salt is still administered by the Government of Bombay as agents for the Government of India, who pay one-fourth of the cost of the combined " salt and excise " establishment. The Local Government of Bengal and, in respect of certain parts of Bihar and Orissa, the Government of that province, continue to be responsible for preventive work and are paid 2 lakhs and ·76 lakh respectively for this " agency " work by their combined " salt and excise " establishments.

The Collector of Salt Revenue, Bombay, also looks after (*a*) sea customs work at the minor ports of Bombay Presidency (*minus* Sind), (*b*) land customs work along the Viramgam-Dhandhuka line, and (*c*) the minor ports and lighthouses and lightships ; in respect of (*c*) the Commerce Department make a contribution. *Per contra* the Customs Department looks after salt work at Calcutta and Chittagong. The Salt and Customs Departments do not charge for the work done by the one for the other.

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* *Viz.* 1·21 direction, 25·82 other working expenses and 4·06 preventive establishments.

† Totals will not necessarily tally, since they take account of probable savings.

(*ii*) *N. I. S. R.*—The largest salt administration is the Northern India Salt Revenue Department. It works the two main salt sources in Northern India, *viz.*, (*i*) the salt mines at Khewra, Warchha, Kalabagh and Kohat and (2) the "brine salt" works at Sambhar, Pachbadra and Didwana. It also looks after preventive work over the whole of Northern India including the Central Provinces and Bihar. The Department is administered from Delhi by a Commissioner drawn from the I. C. S. who gets a special pay of Rs. 250; the post is not, however, reserved for the I. C. S. The other superior staff and their scales of pay (apart from overseas pay) may be set out as below :—

(*a*) *Direction.*—A Deputy Commissioner* and a Personal Assistant of the rank of a Superintendent (250—600 *plus* a special pay of 50).

(*b*) *Manufacture.*—Two General Managers (1,100—1,400), an Assistant General Manager (700—900), an Assistant Commissioner (700—1,000), 11 Superintendents (250—600) and a Treasury Officer (300—350).

(*c*) *Weighment.*—An Assistant Commissioner (1,000) and five Superintendents (250—600).

(*d*) *Workshop Supervision.*—A Superintending Mechanical and Electrical Engineer (1,000—1,200) at Khewra and an Electrical and Mechanical Engineer (775—875) at Sambhar.

(*e*) *Medical.*—Two assistant surgeons (225—450 *plus* a special pay of 30 and 350 *plus* a special pay of 125).

(*f*) *Preventive.*—Two Assistant Commissioners (700—900 *plus* a special pay of 100) and five Superintendents (250—600 *plus* a special pay of 100).

The regular establishment numbers nearly 1,500 men and there are provisions aggregating Rs. 58,300 for temporary establishments.

(*iii*) The Madras Salt Department is administered by a Collector of Salt Revenue. The post is reserved for the I. C. S. and the Collector gets a special pay of Rs. 200. Under him there are four Assistant Commissioners, one on 1,000—1,200 and the others on 600—900. One of them works as Secretary to the Collector and receives a special pay of Rs. 100. The other gazetted executive staff consists of 12 Inspectors on 300—540.

The regular establishment numbers 1,958.

(*iv*) In Bombay Presidency also the Collector of Salt Revenue's post is reserved for the I. C. S. but it carries no special pay. The other gazetted staff consists of a Personal Assistant (300—600), a Chief Accounts Officer (300—1,000), seven Assistant Collectors (one on 1,050—1,200 and six on 300—1,000)† and an Assistant Surgeon (200—450+a special pay of 70). There is also a Deputy Superintendent of Lighthouses (Rs. 450—850) under the Collector, but he does no salt work.

The regular establishment numbers 5,186.

The above-mentioned staff includes an Assistant Collector and an establishment (temporary) costing Rs. 12,400 and Rs. 72,200 respectively for land customs work along the Viramgam-Dhandhuka line.

(*v*) In Sind the Local Government's excise staff looks after salt work, and the Government of India pay them ¼ of the cost of the combined staff. The provision in 1931-32 for this purpose is Rs. 81,000. Besides, a separate Sind Salt Department is maintained at a cost of Rs. 80,000 with a Superintendent (on Rs. 600) in charge.

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* The post was held by a departmental officer and has been abolished with effect from September 1931. The Personal Assistant's post has been converted into a Secretary's post (on Superintendent's scale *plus* a special pay of Rs. 100—150).

† For non-Asiatics the scales are Rs. 200 less but they get £25 in lieu of the Rs. 200.

(*vi*) In Burma the Commissioner of Income-tax works also as Commissioner of Salt Revenue and gets Rs. 200 as special pay. Under him is a Collector of Salt Revenue (1,000—1,250) and two Superintendents (400—900).

The regular establishment numbers 126.

(4) Expenditure, receipts and net revenue (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Expenditure (including sterling expenditure).	92·52	1,51·36	1,27·40	1,28·08	1,25·15
Receipts *minus* refunds . .	5,16·79	6,82·48	7,39·05	6,76·46	7,05·00
Net Revenue . .	4,24·27	5,31·12	6,11·65	5,48·38	5,79·85

Note.—From 1888 to 1903 the salt duty was Rs. 2 8-0 per maund. In 1903 it was reduced to Rs. 2; in 1905 to Rs. 1-8-0 and in 1907 to Re. 1. In 1916 it was raised from Re. 1 to 1-4-0 per maund. In 1923-24 it was raised to Rs. 2-8-0 but was again reduced to Rs. 1-4-0 in 1924-25. This is the rate in force now. It has, however, been subjected to a surcharge of 25 per cent. by the Supplementary Finance Act, 1931.

A statement is appended at the end of this Chapter setting forth the salt budget (both expenditure and revenue) of each salt department and how it has been rising or falling.

(5) *Commercialisation of accounts.*—The Inchcape Committee had recommended the introduction of commercial accounts in all the salt departments, but only those of the Northern India Salt Revenue Department are maintained on the commercial system. In that department there was a "profit" of Rs. ·56 lakhs against "losses" of about 3½ lakhs in each of the two previous years. The accumulated loss since 1st April 1924 up to the end of 1929 30 was 3·69 lakhs. Fixed assets then stood at 85·10 lakhs.

(6) *Development schemes in hand.*—Consequent upon the Tariff Board's enquiry and the Salt Survey Committee's report, a differential duty of 4½ annas per maund has been imposed on imported salt with effect from 18th March 1931. A part of the proceeds of this duty will be devoted to the development of salt sources in India, especially in Northern India, Sind (including Karachi) and along the east coast, with the object of capturing the markets in Bengal and Assam, which at present, are served by imported salt.

(7) *Limitations on scope for economy.*—The Central Board of Revenue rightly points out that certain items of expenditure are either obligatory or affect revenue directly. Thus, royalties and compensations, pensions, establishment charges paid to other Governments or departments, interest on capital outlay and contributions to the depreciation fund, payments to railways for the collection of statistics or for the examination of wagons (for customs purposes) are more or less obligatory. Royalties and compensations are payable to various States and Governments; some of them are fixed sums while others depend on clearances. Expenditure on "manufacture, excavation and despatch" and "purchase, conveyance and storage" directly affects revenue; the scope for genuine reduction of expenditure on these items is restricted. The obligatory expenditure amounts to 49·33 lakhs and "expenditure yielding revenue" to 21·23 lakhs. The budget provision genuinely amenable to retrenchment is thus reduced to 53·56 lakhs *plus* a part of the 21·23 lakhs.

(8) *Board's action and proposals.*—(*i*) The Board has given effect to an old idea and abolished the post of the Deputy Commissioner of N. I. S. R. and converted the post of a Personal Assistant to the Commissioner into that of a Secretary on a higher special pay. (*ii*) Various vacancies were left

unfilled and certain minor economies effected, in the various salt departments. (*iii*) The Board also offered to explore the possibility of amalgamating the duties of local heads of central revenue departments, *e.g.*, those of Collectors of Salt Revenue in Bombay and Madras with those of the respective Collectors of Customs. All this was estimated to yield a saving of 6·20 lakhs in the 1931-32 budget. But the genuine permanent reduction of expenditure would have been only 1·66 lakhs, so far as we can estimate it.

Subsequently the Board has offered the following savings, *viz.*, (*i*) 4½ lakhs under pay, allowances and contingencies, (*ii*) 1 lakh under works, (*iii*) 2½ lakhs under supplies and services including salt purchase and freight, (*iv*) ¾ lakh under depreciation charges and interest on capital. Total 8·75 lakhs.

The savings offered under works amount, to a certain extent, to the mere postponement of inevitable expenditure and those under (*iv*) are due mainly to the revaluation of assets. On our proposals the savings are appreciably larger. Hence, we cannot recommend the acceptance of the Board's offer. We shall, however, take account of each item of the offer in the relevant portions of our proposals.

(9) *Our proposals* :—

A.—N. I. S. R. Department.

(*i*) After a careful consideration of the *pros and cons* we have come to the conclusion that the post of Commissioner, N. I. S. R., and his office should be abolished.

His duties are, broadly speaking, two-fold, (*i*) general control and supervision over the work of the two manufacturing divisions and (*ii*) supervision over preventive work over almost the whole of Northern and Central India. As regards the first, we observe that a well-paid and qualified staff is already maintained (*vide* paragraph 3-*ii*). Manufacture being concerned with technical processes, all supervision from a distance must tend to become largely formal and financial ; in other matters it must, to a large extent, involve duplication. The Commissioner and his officers were no doubt useful institutions when the salt policy, *viz.*, monopoly and concentration in Northern India, had to be given effect to and preventive work was necessarily a very important element in that policy. But the monopoly as well as the concentration of manufacture are now accomplished facts, and the need for an officer of a high status is no longer what it used to be.

On this important question we examined Sir Chunilal V. Mehta, K.C.S.I., under whose Chairmanship the Salt Survey Committee recently enquired into the feasibility of developing the salt sources in the Salt Range, Rajputana, Sind, etc. It is true that that Committee did not directly examine the question whether the post of the Commissioner and his office should be retained or not. But it had, in fact, an opportunity of studying the utility of that office as an intermediate link between Khewra and Sambhar on one side and the Central Board of Revenue on the other. Sir Chunilal V. Mehta's opinion is that if the manufacturing divisions are in charge of fairly good men, the Commissioner's post and his office are not needed, even after taking into account the need for staff in connection with the development schemes contemplated by his Committee. He has naturally qualified his view by adding that his Committee had no concern—direct or indirect—with preventive work; but, in other respects, it is an unqualified opinion. We may now deal with the bearing of preventive work on the need or utility of the Commissioner's office.

Article 20 of the Irwin-Gandhi agreement relating to the manufacture and sale of salt for local needs (App. I, page 42) renders intensive preventive work in the interests of Salt Revenue less important in future. It is a relic of the old days and its value has declined considerably all over India. In any case we cannot see the reason for maintaining a small special staff for preventive work over almost the whole of Northern and Central India. In the nature of things, an arrangement like this must be inefficient and wasteful, unless the work to be done by it is very light. Preventive work can be looked at from two points of view, *viz.*, salt revenue and law and order. If the former is a central subject, the latter is definitely a provincial one, and Local Governments should be charged with its administration. In our opinion they alone with their widespread police, excise and revenue organisations embracing every inhabited site can be in the best position to look after the illicit manufacture of salt or its smuggling-in without payment of duty. This in fact is the position in Bengal, Sind and over a considerable part of Bihar and Orissa. Even if the Local Governments of the provinces concerned have to be paid for the preventive work to be made over to them, we hold that from the point of view of the tax-payer in general it will be a cheaper arrangement.

The Central Board of Revenue also told us in reply to our questionnaire that " apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned "—(*vide* appendix II, page 42, in which the reply is quoted *in extenso*).

Thus, our considered conclusion is that the Commissioner's office is now an anachronism. We understand that the question of its abolition was at one time considered in the Finance Department. We definitely recommend that it should be abolished. The Commissioner's powers should, broadly speaking, be delegated to the general managers of Khewra and Sambhar. As suggested by Sir Chunilal Mehta, the *present* general manager of Khewra might be placed in technical supervisory charge of Sambhar and Pachbadra and be constituted the Central Board of Revenue's technical adviser on salt questions. If our recommendation is accepted, we think the Central Board of Revenue should continue to consist of two members, and should take over up to about half of the establishments and of the provisions for allowances and contingencies.

Incidentally we may mention that in our view the only remaining important manufacturing centre in India, *viz.*, Kharaghoda should also be placed in charge of a responsible officer, *e.g.*, the Assistant Collector of Salt Revenue in charge of land customs work at Viramgam which is only a few miles from Kharaghoda. Such officer should, in matters relating to Kharaghoda, be invested with the present powers of the Collector of Salt Revenue, Bombay, and should be empowered to deal direct with the Central Board of Revenue.

(*ii*) Further, we think a ten per cent. reduction should be made in (1) the provisions under the head " manufacture " after excluding the item " manufacturing and excavation charges ", (2) weighment *minus* despatch charges, (3) stores and workshop establishments and (4) medical establishment. We may add that our proposal is not essentially different from the Board's own offer of nearly 10 per cent. on pay, allowances and contingencies. We estimate a saving of ·78 lakh. We should here add since the salt manufactured or mined by Government is sold at cost price, the receipts from salt will also be affected when the cost of the production decreases. But such an adjustment takes time; meanwhile the reduction in expenditure will be reflected *in toto* in the civil estimates. In this connection sub-para (*iv*) may be seen.

(*iii*) We estimate a further saving of about 1·89 from the abolition of the special preventive establishments in the N. I. S. R. Department, as proposed by us in sub-paragraph (*i*). We reckon that Local Governments will, on the analogy of Bengal and Bihar and Orissa, have to be paid something as an inducement to take up such work and that possibly half of the present expenditure on the pay and allowances of the staff and on genuine contingencies is all the saving that can be expected. Such an arrangement should in no case prove more costly than the present one, since the Government of India can point to the fact that even a special establishment can be maintained for about 4 lakhs on a scale reasonably sufficient for the work entrusted to it.

(*iv*) We observe that in the case of Sambhar overhead charges (excluding royalties, etc.) amounted to 21·44 and 16·86 pies as against 9·9 and 8·9 pies at Kharaghoda in 1928-29 and 1929-30 respectively. Sambhar is a bigger manufacturing unit and in most other respects conditions at Sambhar are not less favourable to economical production than at Kharaghoda. Hence we are constrained to observe that we consider the production at Sambhar unduly costly. The staffs at Sambhar as well as Khewra, etc., appear to us to be both excessive and unduly expensive. We know that under the present policy it is the consumer who has to pay the price, whatever it might be. But we think there is no reason why the consumers' interests should not be furthered by all practicable means. We therefore think this question should be carefully investigated by the department and every effort be made to reduce "overheads" at Sambhar to as near the Kharaghoda level as practicable. Since under the accepted policy of developing the Northern India Salt Sources, the output at Sambhar and Pachbadra is likely to be increased, the cost of production per maund should go down still further. We have only to add that this view has been confirmed by Sir Chunilal Mehta.

(*v*) On our proposals the savings after allowing for a ten per cent. reduction of the deduction for "probable savings", and leaving out possible savings under "works", "contribution to depreciation fund" and "interest charges" to be accounted for under the salt grant as a whole, will be 3·47 lakhs.

B.—Madras.

(*vi*) On the analogies of the combination of income-tax and opium work in the U. P. and of income-tax and salt work in Burma we hold that it should not be difficult to abolish the post of the Collector of Salt Revenue, Madras, after making over his duties to the local Collector of Customs. In fact, the Central Board of Revenue have such an arrangement already in view. Including the provision for passages this proposal will yield a saving of Rs. 26,300.

(*vii*) In any case, the special pay of Rs. 200 per mensem for the C. S. R., Madras, should be abolished. We observe that the C. S. R., Bombay's duties are heavier and more varied. The numbers of officers and establishments controlled are far larger and the grant administered is bigger by about 50 per cent. He has an important manufacturing centre, *viz.*, Kharaghoda, to supervise ; Madras has nothing corresponding to it. He also does customs, lighthouses and minor ports and land customs work ; these duties have no counterpart in the case of the C. S. R., Madras. And yet we note that the C. S. R., Bombay, gets no special pay.

(*viii*) In case, however, the post is retained, the number of Assistant Commissioner's posts should be reduced to three by the abolition of the post of Secretary to the Collector.

(*ix*) The Central Board of Revenue offered about ten per cent. on pay, allowances and contingencies; we propose a ten per cent. reduction in the provisions for (*a*) Inspectors, (*b*) Establishments, (*c*) Allowances, (*d*) Supplies and Services and (*e*) Miscellaneous contingent expenditure. Allowing for a reduction of the deduction to be made for "probable savings", we estimate a saving of ·97 lakh from the proposal in this sub-paragraph.

(*x*) Leaving out savings under "Works" and "Salt purchase and freight" for the present, the total savings in the Madras Salt Department will, on our proposals, be 1·23 lakhs.

C.—BOMBAY.

(*xi*) The feasibility of amalgamating the duties of the Collector of Salt Revenue with those of the Collector of Customs should be considered. As the Bombay Customs Department is one of the two heaviest customs charges, we refrain from making a positive recommendation. In case the post is retained, the number of Assistant Collectors should be reduced from seven to five; otherwise, from seven to six. For purposes of an estimate of savings we shall assume the former. Savings will be ·20 lakh.

(*xii*) The Bombay Salt Department is, so far as we are aware, unique in possessing an expensive Chief Accounts Officer. We see no reason why arrangements which are good enough for the other provinces should not suffice for Bombay. This post should therefore be abolished, saving Rs. 7,800.

(*xiii*) Action more or less on the lines of the Central Board of Revenue's offer to reduce the provisions for pay, allowances and contingencies by about ten per cent. would yield savings of 2·43 lakhs as below :—

(*a*) Establishments	1·91
(*b*) Further reduction in the provision for "bad climate allowance"	·09
(*c*) Allowances	·24
(*d*) Supplies and Services except payment to Railways for the collection of statistics and for the detention of wagons for customs examination	·10
(*e*) Contingencies except the provision for the amelioration of the condition of *agarias* (salt makers on a small scale)	·09

(*xiv*) Leaving out possible savings under "works" and "salt purchase and freight" and making a reduction of Rs. 1,000 in the deduction for "probable savings" under "pay of officers" our proposals will yield a saving of 2·70 lakhs.

D.—SIND.

(*xv*) Both salt and customs work at Karachi is light and can be amalgamated in charge of the Collector of Customs. No extra emoluments need be paid. The Superintendent's post should therefore be abolished, saving Rs. 7,200.

(*xvi*) A ten per cent. cut on the provision for establishments, allowances, supplies and services and contingencies and the abolition of the provision of Rs. 3,100 (on the general ground that staff recruited for work at a particular centre or centres should not be given house-rent, compensatory local and similar allowances) will yield savings of Rs. 5,870.

(*xvii*) Total savings, excluding those under "works" and "salt purchase" will be ·13 lakh. Besides, now that Sind has a separate salt department at Karachi, the most important centre of the salt industry in Sind, an attempt should be made to get some reduction in the contribution payable to the Government of Bombay in respect of their combined salt and excise staff.

E.—Aden.

(*xviii*) There are only six guards and servants and the total provision for their pay is only Rs. 1,800. Including allowances, contingencies and works the total 1931-32 provision for Aden is only Rs. 3,000. Since under the accepted scheme for the development of the Aden salt industry some expansion is probable, we think no reduction in the budget should be made.

F.—Bengal.

(*xix*) The 1931-32 grant includes a provision of ·91 lakh for special establishments, *viz.*, 19 executive subordinates, clerks, etc., and 59 servants. A ten per cent. cut on the pay and on the controllable portions of supplies and services and contingencies and the abolition of house-rent and other allowances will yield a saving of Rs. 5,480.

G.—Burma.

(*xx*) In the case of the Commissioner of Income-tax, U. P., we have recommended that what, in effect, amounts to a special pay of Rs. 25) should be abolished. Since the salt duty in the case of the Commissioner of Income-tax, Burma, is much lighter than the opium duty in the U. P. and even income-tax work is not amongst the heaviest in India, we must recommend the abolition of the special pay of Rs. 200 per mensem drawn by the Commissioner of Income-tax, Burma.

(*xxi*) In our opinion the Commissioner can easily look after salt work in addition to his income-tax work, if suitable arrangements are made to provide him with assistance as regards office supervision. The post of Collector of Salt Revenue is superfluous and should be abolished. Saving Rs. 13,700.

(*xxii*) A ten per cent. cut on the provisions for the pay of establishments, travelling allowances, supplies and services (excepting salt purchase and freight) and contingencies (except rents, rates and taxes) and the abolition or serious curtailment of house-rent and other allowances will yield a saving of about ·15 lakh.

(*xxiii*) On our proposals the total savings in Burma will be ·31 lakh.

H.—General for all Salt Departments.

(*xxiv*) To the savings shown by us in detail in the preceding sub-paragraphs may be added the savings proposed by the Central Board of Revenue, *viz.*, 1 lakh under works, 2·50 under supplies and services and under salt purchase and ·75 under depreciation charges and interest. Total 4·25 lakhs.

Note.—The Board had included the savings contemplated by it on supplies and services in this figure, but we have restricted the figure to salt purchase and freight and have taken a separate account of the savings from supplies and services other than salt purchase and freight. The provisions for salt purchase and freight and manufacturing and excavation and despatch charges being substantial amounts, we think there should be little difficulty in giving effect to our proposals in this sub-paragraph.

(10) *Summary of savings.*—On our proposals the reduction of expenditure for purposes of the 1932-33 budget will be 7·89 [paragraphs (1) to (*xxiii*) *plus* 4·25 (paragraph *xxiv*)] lakhs. Total 12·14 or, in round figures, 12 lakhs.

It may also be possible to get the Local Governments of Bengal, Bihar and Orissa, etc., to accept lower contributions for "agency" work, the reasons being the decline in the importance of preventive work and the probable reductions in the scales of pay in force in the provinces and in the Local Governments' expenditure in general.

Reference—Paragraph 9 (*i*).

APPENDIX I.

ARTICLE 20 OF THE IRWIN-GANDHI SETTLEMENT OF MARCH 1931.

"Government are unable to condone breaches of the existing law relating to the salt administration nor are they able in the present financial condition of the country to make substantial modifications in the Salt Acts.

For the sake however of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages immediately adjoining areas, where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them."

APPENDIX II.

Extract from paragraph 2 of the Central Board of Revenue's reply to our questionnaire :—

"Preventive work is at present done for the Government of India in connection with salt by provincial establishments in Bengal, Bihar and Orissa and Sind. The Board proposes to undertake an examination of the cost of having this work done by separate establishments working under the Collector of Customs or some other local head of a department under the Board. When this examination is concluded, it may show that the present arrangement is the most economical to the central revenues ; otherwise, we shall have still to choose between maintaining a separate central staff or using the results of the enquiry to induce the local Governments to accept a lower contribution towards the cost of their own staff which does the work. It will be clear that, apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned."

Statement showing expenditure on and receipts from Salt.

Reference—Paragraph (4).

(The figures are in lakhs of rupees.)

EXPENDITURE.

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA.								
NORTHERN INDIA SALT REVENUE DEPARTMENT.								
Working expenses :—								
Direction	1·35	1·30	1·37	1·24	1·28	1·45	1·33	1·21
Manufacture	16·85	12·63	11·60	14·19	14·05	15·49	15·56	14·53
Weighment		1·23	·69	1·39	3·58	3·32	3·41	3·29
Stores and Workshop Establishment	·06	·29	—·51	—1·00	—·80	—·64	—·76	—·81
Medical Establishment	*Nil*	·29	·26	·27	·26	·27	·30	·27
Contribution to Depreciation Fund.	2·60	2·54	2·66	3·64	2·92	2·76	2·64	2·64
Cost of Accounts and Audit	·31	·49	·53	·56	·63	·60	·53	·54
Pensionary charges	*Nil*	·80	·80	·78	·79	·79	·62	·62
Preventive establishment	3·89	3·74	3·69	3·94	3·92	4·04	4·19	4·06
Interest on capital	3·01	3·72	3·89	4·03	4·97	4·38	4·78	4·74
Compensations	30·52	34·25	32·26	35·03	33·59	33·75	32·35	31·54
Capital Outlay	7·20	7·18	4·80	·50	·58	1·12	·71	1·02
Deduct—Probable savings	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	—·30
Miscellaneous	—·13	*Nil*	—·10	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*
Total—N. I. S. R. Department	65·65	68·49	61·94	64·57	65·77	67·33	65·66	63·35
MADRAS.								
Direction	10·54	10·54	10·40	10·51	10·29	10·46	10·87	11·26
Salt purchase and freight	4·04	3·72	6·66	4·77	·97	1·86	2·41	3·85
Works	2·80	2·98	3·84	3·39	2·62	2·91	2·80	2·56
Compensations	4·87	4·89	4·88	4·88	4·87	4·87	4·88	4·88
Deduct—Probable saving	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	—·80	—·85
Total Madras	22·25	22·13	25·28	23·55	18·75	20·10	20·16	21·70
BOMBAY.								
Direction	22·29	23·48	23·00	24·01	24·39	25·54	25·93	25·37
Establishment paid to or received from other Governments, etc.	·48	·50	·49	·50	·62	·63	·66	·64
Salt purchase and freight	10·43	6·53	6·24	5·44	6·05	6·43	7·75	6·05
Works	*Nil*	·88	·88	·97	·99	·66	1·01	·61
Compensations	·79	·93	·84	·91	·84	·89	1·18	·87
Total Bombay	33·99	32·32	31·45	31·83	32·89	34·15	36·56	33·54
BENGAL.								
Direction	1·02	1·02	·94	·99	1·17	·91	·95	·91
Establishment charges paid to or received from other Governments, etc.	2·00	2·00	2·00	2·00	2·00	2·00	2·00	2·00
Compensations	·20	·20	·20	·20	·20	·20	·20	·20
Total Bengal	3·22	3·22	3·14	3·19	3·37	3·11	3·15	3·11

Statement showing expenditure on and receipts from Salt—*contd.*

(The figures are in lakhs of rupees.)

EXPENDITURE—*contd.*

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA—*contd.*								
BURMA.								
Direction	·64	4·94*	1·53	1·53	1·38	1·58	1·55	1·66
Total Burma	·64	4·94	1·53	1·53	1·38	1·58	1·55	1·66
BIHAR AND ORISSA.								
Establishment charges paid to other Governments	·76	·76	·76	·76	·76	·76	·76	·76
Total Bihar and Orissa	·76	·76	·76	·76	·76	·76	·76	·76
ASSAM.								
Direction	·01	·01	·01	·01	·01	·01	*Nil*	*Nil*
Total Assam	·01	·01	·01	·01	·01	·01	*Nil*	*Nil*
CHARGES IN ENGLAND.								
Leave salary, deputation pay and sterling overseas pay and stores.	·63	·28	·48	1·57	·90	1·03	1·02	1·03
Exchange	·25	·09	·16	*Nil*	*Nil*	·01	*Nil*	*Nil*
Total England	·88	·37	·64	1·57	·90	1·04	1·02	1·03
GRAND TOTAL	1,27·40	1,32·24	1,24·75	1,27·01	1,28·83	1,28·03	1,28·86	1,25·15

* Includes adjustments in respect of previous years.

REVENUE.

Northern India Salt Revenue Department.	1,07·06	1,27·47	1,57·41	1,64·56	2,43·72	1,52·64	1,48·28	1,62·57
Madras	1,89·92	1,47·59	1,43·01	1,44·55	1,47·55	1,47·45	1,42·90	1,47·84
Bombay	1,73·34	1,52·20	1,58·44	1,53·91	1,58·11	1,57·84	1,56·53	1,54·93
Bengal	2,35·91	1,71·64	1,76·78	1,63·75	1,76·02	1,84·09	2,04·43	2,05·12
Burma	32·81	34·05	34·16	36·39	34·52	34·42	32·85	34·53
Bihar and Orissa	*Nil*	·01	·01	·01	*Nil*	·01	·01	·01
Assam	·01	·01	·01	·01	·01	·01	*Nil*	*Nil*
Total	7,39·05	6,32·97	6,69·82	6,63·18	7,59·93	6,76·46	6,85·00	7,05·00

CHAPTER IV.

GRANT No. 19.—OPIUM (73·63 lakhs).

(1) *Explanation of the grant.*—The opium budget for 1931-32 is 73·63 lakhs. It may be set out as follows :—

	Lakhs.
(*i*) Purchase of old stocks of opium in Mewar State . . .	7·30
(*ii*) Payments for special cultivation in Malwa . . .	27·00
(*iii*) Payments to cultivators in the United Provinces . .	27·97
(*iv*) The Opium Factory at Ghazipur	4·21
(*v*) Superintendence and other establishments in the United Provinces	5·46
(*vi*) Miscellaneous charges at Calcutta	·05
(*vii*) Establishment and other charges elsewhere . . .	·08
(*viii*) Compensations (·09 in Bengal, and ·46 to some States) .	·55
(*ix*) High Commissioner (·04 stores *plus* ·97 establishments*) .	1·01

(2) *Opium Policy and Revenue Prospects.*—As regards British India the Government of India exercise a monopoly of cultivation and manufacture of opium. A compensation of Rs. 9,000 is paid to the French Government in consideration of the surrender of the right to cultivate opium in Chandranagar (Bengal). The policy *vis-a-vis* the Indian States varies. In consideration of the surrender of the right to cultivate opium, compensations aggregating ·46 lakh are paid to some States (in Kaira, Ahmedabad and Banaskantha). Outside British India the tracts suitable for opium cultivation in India are Malwa and Mewar. Some of the Malwa States (*e.g.*, Sitamau) depend on opium cultivation for a considerable share of their public revenues. The present policy of Government is to give certain States a share in the internal market for Indian opium and thus to lead up to a closer control over their production of opium. Malwa opium is rather cheaper than " Benares ", *i.e.*, U. P. opium. An important decision taken in 1930 was to buy up old stocks of opium in the Mewar State ; this commits Government to an expenditure of over 72 lakhs spread over ten years. The object underlying it was to secure control over opium produced in Mewar and suppress its smuggling into British India and the Far East. The opium so purchased is cheaper than " Benares " or Malwa opium. It is to be disposed of at cost price for consumption in the States.

Under India's ratification of the Opium Convention of 1925 the exports of opium (called " provision " opium) to the Far East, where it is largely used for smoking, are being reduced and, except for medical and scientific uses, will come to an end after 1935. " Provision " opium is supplied at a profit. " Excise " opium is meant for consumption in India and will continue to be manufactured at Ghazipur for supply at cost price to the excise departments of the provinces and administrations and also those of some Indian States (*e.g.*, H. E. H. the Nizam's). As regards opium for medical and scientific uses, Indian opium has already lost ground rapidly owing to its comparatively low and perhaps also decreasing morphine content.

(* *Note.*—The establishment charges consist of leave salaries and deputation allowances and sterling overseas pay. They are included in the Indian budget estimates because the accounts are commercialised.)

(3) *Functions.*—The Opium Department arranges for the cultivation of poppy in the United Provinces and for the purchase of opium produced in Malwa and of stocks of opium held in the Mewar State. At Ghazipur the crude opium is manufactured into "provision", "excise" and "medical" opium.

(4) *Organisation.*—The Opium Department is under the administrative control of the Central Board of Revenue. The Opium Agent's post carries a pay of Rs. 2,500—100—3,000 *plus* £13/6/8 Overseas Pay and is reserved for the I. C. S. There used to be a full-time Opium Agent, but since 1924 the Commissioner of Income-Tax, United Provinces, works also as Opium Agent; the Income-Tax and Opium Departments share the cost of his pay and allowances equally.

Expenditure on "superintendence" in the United Provinces also includes the cost of—

(*a*) a Superintendent of gazetted rank (Rs. 520—20—660) and 19 clerks and 11 servants at headquarters, and

(*b*) 22 "District" Opium Officers, 113 clerks and 274 servants in the districts of the United Provinces.

The old cadre of District and Assistant Opium Officers is on the scale Rs. 750—50—1,000—100—1,400*. But the policy now is to recruit officers of the Provincial Civil Service, U. P. and give them a special pay of Rs. 50 and for work as District Opium Officers Rs. 100 p.m. over their pay as Deputy Collectors. The 1931-32 provision for the pay of the twenty-two District and Assistant Opium Officers is 1·81 lakhs and for that of the district establishments 1·43 lakhs.

For the Opium Factory there are (*a*) a Managing Director (on Rs. 1,250—50—1,500 *plus* £30 O.P.), (*b*) a Factory Superintendent and Assistant Superintendent who, in addition to their pay, are paid factory allowances of Rs. 250 and 150 p. m. respectively, and an Opium Chemist (on Rs. 600—50—1,200). The Factory establishment of 195 (inclusive of 140 servants) consists of chemists, engineers, medical officer and clerks and including ·22 lakh for temporary establishments costs 1·12 lakhs.

A scheme costing Rs. 2,000 was recently sanctioned for research on opium alkaloids as a part of the measures for retaining India's position in the world market for medical and scientific opium.

Lastly, mention should be made of the Excise Commissioner for Rajputana and Central India whose cost is borne on the Foreign and Political Department estimates but whose duties are mainly concerned with opium.

(5) Expenditure, receipts and net revenue.—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Expenditure . .	152·44	186·61	235·57	211·47	100·44	87·01	54·95	48·81	75·24	78·63
Receipts . . .	243·35	378·92	379·76	415·00	433·14	394·52	326·59	304·10	262·60	215·58
Net Revenue . .	90·91	192·31	144·19	203·53	332·70	307·51	271·64	255·29	187·36	141·95

The opium accounts are now maintained on a commercial basis. According to the accounts for the year ending 30th September 1929 the fixed assets stood at 16·01 and the floating assets at 203·02 lakhs.

* For officers of non-Asiatic domicile the scale is Rs. 650—50—700—50/2—800—100/2—900—900—950—100/2—1,150 *plus* overseas pay.

19·30 lakhs was surrendered in February and March 1930 due to lower outturn.

It will be seen from paragraph (2) that the policy underwent a radical change in 1925, and necessitated a reduction in the outturn of opium. Hence, comparisons with the figures of any year before 1925-26 are not of much use. Even after 1925-26 they are not easily comparable.

(6) *Nature of the opium budget.*—If the provison for the purchase of opium and opium stocks, compensations and contribution to the Municipal Board of Ghazipur be left out of account, the nominal grant of 73·63 is reduced to 10·81 lakhs as below :—

(*i*) Pay of officers and establishments (6·48) and allowances, etc. (·65)	7·14
(*ii*) Supplies and Services (2·27) and Contingencies (·75) . .	3·02
(*iii*) Works (·54), stores (·04) and other charges (·07) . .	·65

The Central Board of Revenue rightly argues that this portion of the budget is the only one susceptible of any reduction. At first it offered a reduction of Rs. 47,540 of which only Rs. 27,410 represented genuine permanent reduction. The Board now hopes to realise a saving of ten per cent. on the opium grant excluding the provisions for the Purchase of Opium and Supplies and Services, *i.e.*, heads D and E excluding Supplies and Services. This saving would amount to ·75 lakh, *i.e.*, to 7 per cent. of the 10·81 lakhs mentioned above.

(7) *Our proposals.*—(*i*) In view of the lightness of income-tax work in the United Provinces we do not see sufficient reason why the Commissioner should get the higher scale prescribed for the Opium Agent at a time when opium revenue was much larger than it now is. In effect, this amounts to an extra special pay of Rs. 250. It should be abolished. Savings will be Rs. 3,000.

(*ii*) We observe that the Opium Agent's office has an expensive Superintendent. This post should be reduced to that of a Head Assistant on about Rs. 250 to Rs. 350. Savings will be Rs. 4,000 to Rs. 5,000.

(*iii*) We see no justification for the continuance of the *exceptional* amenity which opium officers at Ghazipur enjoy (*viz.*, free medical attendance on their families) and which costs Government Rs. 100 p.m. by way of an allowance to a medical officer at Ghazipur. We recommend that it should be cut out. Savings will be Rs. 1,200.

(*iv*) The policy of scattered cultivation in the United Provinces with the object of keeping up various nuclei which could be expanded for opium cultivation should be given up immediately and the number of divisions be reduced from 14 to 9. The present cost of superintendence in the fourteen divisions is 4·84 lakhs. We estimate that our proposal will yield a saving of one lakh. It also renders it unnecessary for us to examine the district staffs in detail with a view to possible reduction. But, we must urge the need for selecting the senior officers for retirement.

(*v*) The Inchcape Committee had recommended the abolition of the post of the Managing Director. In fact, the Opium Agent's post was converted into a part-time one by amalgamating his duties with those of the Commissioner of Income-Tax, U. P., and the Managing Director's post was left untouched. In our opinion the following remarks of that Committee are applicable even to-day, possibly with greater force :—

> "The appointment of Managing Director, costing Rs. 18,000, did not exist in 1913-14, but was introduced during the war for a special purpose, namely, to develop the production of opium alkaloids, for which at that time there was a considerable demand. We understand that this demand has now practically disappeared and we recommend that the appointment be abolished."

We further observe that from the point of view of income-tax work the United Provinces is a light charge. We do not agree with the Central Board of Revenue that the Managing Director's post cannot be abolished so long as the head of the department is the Commissioner of Income Tax. We note that the present Managing Director has already put in over 33 years of service and is over 55 years of age. We recommend that the post should be abolished forthwith. Savings will be Rs. 18,200 *plus* 4,800 (O. P.)*=Rs. 23,000.

(*vi*) The factory allowances of Rs. 250 to the Factory Superintendent and of Rs. 150 to the Assistant Factory Superintendent are altogether too liberal. Special pay was sanctioned for the factory charges long before 1913-14, and the amounts remained unvaried, at least since 1909. The Factory is no longer the heavy charge it must have been when opium revenue was, at least comparatively, a much larger source of central revenues than it now is. With the gradual reduction of the manufacture of provision opium the charge will be lighter still. We have also to bear in mind the amenities available at Ghazipur. In the light of all these considerations we see no justification for retaining the factory allowances. The concession of rent-free quarters should prove a sufficient attraction to the officers selected for factory superintendence. But, since we are going to propose that this concession be abrogated, we propose that the factory allowances should be reduced to the equivalent of house-rent at 10 per cent. and should not be paid, if rent-free quarters continue to be provided. Savings will be Rs. 4,800.

(*vii*) We do not see why the Opium Department should have such a costly Chemist. The present Chemist was appointed in 1915 when opium alkaloids were needed for the war. We were told by the Central Board of Revenue that the question of abolishing the post is under its consideration. We think it should be abolished. We would, however, suggest that the present incumbent of the post should, if possible, be absorbed somewhere, specially in work requiring the services of an applied or an industrial Chemist, *e.g.*, in Customs Chemical Work.

(*viii*) The cost on account of the pay of officers and of establishments at the Factory has not only not gone down but has even gone up slightly in spite of the adoption of the policy of extinguishing exports. We are not satisfied with the Opium Agent's view, as the result of his enquiry in 1920, that there was no scope for retrenchment. As regards officers we have made detailed proposals. We recommend that factory establishment also should be reduced by one-tenth so as to save Rs. 12,000.

(*ix*) Three individual officers get a personal allowance of Rs. 100 p.m. (subject to the maximum of their time-scale) as a reward for war services. We think, the need for continuing them should be scrutinised afresh. We consider such allowances objectionable in principle and specially so at a time of such acute financial stress.

(*x*) We are not satisfied that any special pay should be necessary to attract provincial service men into the Opium Department. We hold that the practice of treating service in departments other than the land revenue departments as so onerous or special as to deserve special pay is altogether out of date and even unfair to the regular provincial services. We recommend that in future no such special pay should be offered. If experience proves that the right type of officers is not being attracted into the Opium Department, the special pay might be revived.

* Included in our calculation, because the accounts are "commercialised".

(*xi*) The practice of re-employing pensioners on temporary posts at rates of remuneration equal, or almost equal, to full pay prior to retirment *minus* pension should be discouraged. Younger men should get the chance. Our proposals will yield small savings, but they cannot be calculated.

(*xii*) In addition to the reduction involved in our proposal in sub-paragraph (*iv*) the provision for travelling allowances for the district opium staffs (·64 lakh) should be reduced by Rs. 8,000.

(*xiii*) The provisions for Supplies and Services and Contingencies for the Factory as well as for the district staffs should be curtailed so as to save Rs. 25,000.

(*xiv*) The provision of ·54 for "works" should, for the present, be reduced to ·30. Actual cost in 1929-30 was ·30.

(*xv*) The concession of rent-free quarters should be abrogated for every member of the staff. We estimate that the additional revenue will be a considerable amount—perhaps not below ·06.

(*xvi*) It is understood that the Factory plant is capable of generating electricity in excess of the factory requirements. If it be supplied to staff quarters and the adjacent localities, at rates generally in force in similar stations in the U. P., we estimate that Government should derive an additional *net* revenue of about ·05 per annum.

(*xvii*) When the present agreement with the French authorities at Chandranagar expires at the end of 1932, opportunity should be taken to persuade them to surrender their rights under the Treaty of 1815 without compensation with effect from the year of complete stoppage of the export of "provision" opium. As regards the Indian States to whom compensations are paid at present similar action should be taken.

(8) *Summary of savings and of additional revenue.*—On our specific proposals the reduction of expenditure will be 2·21 lakhs and additonal revenue of ·11 lakh will also accrue. Some other savings cannot be calculated.

CHAPTER V.

Security Printing and Currency Note Presses, Nasik (39·43 lakhs).

(1) *Explanation.*—The gross expenditure on these Presses does not figure in the civil estimates. The only places where, so far as we are aware, they are at all mentioned are in grants No. 20-Stamps and 88-Capital expenditure on the Nasik concerns. The former grant provides Rs. 5,000 for leave salaries of the officers and staff of the Presses. Grant No. 88 is a nominal grant for Rs. 1,000, as the net amount required for "capital" expenditure is a *minus* amount of 3·94 lakhs. In an indirect manner the Presses figure in the grant for Currency also, *viz.*, in the provision of 17·80 lakhs for the cost of currency note forms.

We have considered the question whether this commercial undertaking with its personal ledger account falls within our purview as a committee for retrenchment and we have come to the conclusion that it does. We have shown above that the civil estimates have to bear a part of the real gross expenditure of the Presses. A reduction of the cost of running them would be reflected in the cost of currency note forms and stamps. We have therefore scrutinised their affairs in the light of such information as we possess in the absence of detailed estimates set forth in the grants.

(2) *Functions.*—Their main functions are to manufacture and print currency notes, revenue and judicial stamps and postage stamps, post cards, etc. There is also a Central Stamp Store maintained in conjunction with the Security Press. Occasionally it is asked to print special stamp papers of extraordinary denominations. Prior to the establishment of these Presses currency notes and stamps used to be obtained from the Bank of England and from Messrs. Thomas de la Rue and Co. on contract.

(3) *Organisation.*—Finance Department is in administrative charge and the Master deals direct with that department. The Master's scale of pay is Rs. 2,000—200—3,000, *i.e.*, the same as that of the Mint Masters at Calcutta and Bombay. The present Master's actual pay is Rs. 3,000 *plus* a special pay of Rs. 675 and a compensatory allowance of Rs. 200. But this pay is personal to him. He is on extension of service up to 20th October 1932. To assist him there is a Deputy Master, whose actual emoluments including a special pay of Rs. 100, a compensatory allowance of Rs. 220 and overseas pay of £30 are Rs. 2,420. The pay of the Deputy Master's post has not yet been fixed and this pay is personal to the present incumbent. There is also a post of an Officer on Special Duty which is due to terminate in January 1932. His emoluments, are, pay Rs. 1,050, a special pay of Rs. 118-2-0 and overseas pay of £30. The non-gazetted staff consists of a Press Manager on Rs. 1,200—50—30—1,400 *plus* 10 per cent. compensatory allowance, an Engraver on the same scale, 11 Technical Supervisors on Rs. 400—40—600 *plus* 10 per cent. compensatory allowance, 11 Technical Junior Supervisors on Rs. 200—15—350—20—550, 4 Technical Assistant Supervisors on Rs. 100—10—150—15—300. The control staff consists of 2 Chief Supervisors on Rs. 750—50—1,000, 6 Junior Supervisors on Rs. 200—15—350—20—550 and 23 Assistant Supervisors on Rs. 100—10—150—15—300. There are also the usual clerical and accounting establishments, store-keepers and some watch and ward and inferior establishments.

(4) *Proposals.*—(*i*) In Part I of our Interim Report we said (paragraph 2 of Chapter III, page 14). "*Prima facie*, however, we are of opinion that the *gross* expenditure of this and of all other commercial undertakings

should be submitted to the Legislature in the usual way ". We have been given to understand that while the gross expenditure is not incorporated in the Demands, it also does not receive the normal attention of even the Finance Department. So far as we can see, the rules under which this situation arises are *ultra vires* of the Government of India Act. We observe that the gross expenditure of some " commercialised " undertakings, *e.g.*, the Railways, the Posts and Telegraphs Department, the manufacturing side of the Northern India Salt Revenue Department, is submitted to the scrutiny and control of the Legislature for the purpose of " grants ", and we do not see why that of the Security and Note Presses should be treated as an exception. We therefore recommend that the gross expenditure should be included in the Demands for Grants for 1932-33 and future years.

(*ii*) We may here refer to a suggestion which has been made to us t hat taking into account the fall in prices it is doubtful whether Nasik is now producing as cheaply as the former contractors would have done. We do not consider this a cogent argument in favour of reverting to the former system, but it appears to us to indicate that this concern is perhaps not running as economically as it should do. We therefore recommend that Finance Department should undertake as early as possible a thorough examination on the spot of the expenditure at Nasik with a view to its reduction to a scale commensurate with India's needs and capabilities.

(*iii*) The scales of pay for many of the posts in these Presses appear to us unduly liberal. The annual increment of Rs. 200 in the case of the Master's post has its parallel only in the case of the two posts of Mint Masters on which it was presumably based; this incremental scale is exceptionally liberal. Many of the officers get not only the pay proper but also special pay and free quarters or compensatory allowances in lieu thereof. Whenever accommodation is provided at the public expense, we understand, it is on an unduly expensive scale. While we propose to deal with questions of pay at a later stage, we recommend, in accordance with the plan we have followed so far, that the entire system of special pays and free quarters or allowances in lieu thereof should be abrogated. Nasik is a very healthy station not very far from Bombay and provides all the amenities of a district headquarters. We can see no reason why compensatory allowances should be given or accommodation provided free. Rent should therefore be charged.

(*iv*) We have examined the " Civil " and the " establishments " lists. The staff appears to us to be excessive and confirms our *prima facie* impression that the management is not as economical as it might be and manufacturing costs are unduly high. We would in any case have recommended some reduction of the staff. But we take note of Government's decision to re-issue 25 per cent. of the currency notes received back into the currency offices instead of destroying them. We recommend that the supervisory staff—both officers and others—at Nasik should be reduced by 25 per cent. and the operative staff should be reduced as indicated in para. (5) below.

In this connection we are told that the present Master's extension is due to expire a year hence. We observe that as regards the normal " day to day " working neither Mint has a Deputy Master. We recommend that on the same analogy the Nasik Presses should, when the present Master retires, have no Deputy Master. The next highest officer can take charge when the Master is out of the station and he can officiate for the Master when the latter is on leave.

(v) The general fall of prices should also enable some economy, say 10 per cent., to be effected in the expenditure on stores and materials.

(5) *Summary of savings.*—Our proposals will yield savings of about 1¼ lakhs on the two Presses. But so far as the budget position of 1932-33 is concerned, there will, on the whole, be a deterioration to the extent of about ·25 lakh, as explained below separately for each Press.

(a) Currency Note Press.

On the "forecast" figures for 1931-32 we think, the gross expenditure should be reduced by about 3·25 lakhs, including a reduction of 25 per cent. in all supervisory charges. In this way we estimate that the reduced outturn will still yield a "profit" of about a lakh, which will improve the budget position by this amount as compared with the figures used by us in Chapter XIV on the Currency grant.

(b) Security Printing and Stamp Depôt.

We consider that a 25 per cent. reduction of supervisory charges should be brought about, and steps should be taken to bring the "carry-over" of stocks to a minimum. The "off-take" for 1932-33 seems likely to be below the normal of recent years. We anticipate a gross "turn-over" of about 16 lakhs, and a gross "profit" of about 4 lakhs. Taking interest charges into account, the net "profit" seems likely to be about a lakh, resulting in a deterioration of the budget position by about 1¼ lakhs.

CHAPTER VI.

GRANTS NOS. 27 TO 42.—GENERAL ADMINISTRATION.

(1) The following are the various grants for General Administration :—

(*i*) the Staff, household and allowances of the Governor General.

(*ii*) the Executive Council.

(*iii*) the Council of State.

(*iv*) the Legislative Assembly and Legislative Assembly Department.

(*v*) the following regular departments of the Government of India, *viz.*, (*a*) Foreign and Political, (*b*) Home, (*c*) Legislative, (*d*) Education, Health and Lands, (*e*) Finance, (*f*) Commerce, (*g*) Army and (*h*) Industries and Labour.

(*vi*) the Reforms Office.

(*vii*) the following attached offices, *viz.*, (*a*) Public Information Bureau, (*b*) Intelligence Bureau, (*c*) the Public Service Commission, (*d*) Central Board of Revenue.

(*viii*) Payments to provincial governments for their "agency" work on behalf of the Government of India.

(*ix*) Separation of accounts from audit (in part.)

(2) In the first part of our Interim Report we have already dealt with grants Nos. 28—Executive Council, 32-B—Bureau of Public Information, 32-C—Intelligence Bureau and 41—Central Board of Revenue. By mutual agreement between the Army Sub-Committee and the General Purposes Sub-Committee the Army Department and Military Finance were left to be dealt with by the former. As regards the Foreign and Political Department, we intend to take it up at a later stage of our enquiry. The grant relating to the Separation of Accounts from Audit was, *ab initio*, within the purview of the Public Works, Accounts and Audit Sub-Committee. All the remaining grants under General Administration will be dealt with in this chapter.

(3) We have explained each grant separately. Wherever possible, we have given some historical, statistical and other information. Owing to the pressure under which our work has had to be performed we have not found it possible to work out adjusted and fairly comparable statistics showing the growth or decline of the staff and expenditure of each department and office, nor to trace in a comprehensive manner and in fair detail the various changes relating to the organisation and work in the Secretariat as a whole. Some information relating to this will, however, be found in Chapter I and in the individual grants.

(4) The only other matter to which we would refer here is the question of savings on account of our *proposal relating to the Delhi-Simla move. These have had to be worked out for the Secretariat as a whole rather than for each individual department or office.

Our proposal was that Government should take the necessary steps so that Secretariat departments could be left in Delhi all the year round, and that pending measures to render Delhi suitable for the accommodation of the Secretariat and attached offices and their staffs as many offices as possible, particularly the attached offices, should be left permanently at Delhi or at Simla.

*Paragraph 19, Chapter I, Part I of our Interim Report.

We have not had the detailed information, nor even the time, necessary to enable us to propose in every case whether a particular office or branch of an office should remain at Delhi or at Simla, or should remain migratory as at present. In certain specific cases, however (*e.g.*, the Public Service Commission, the Imperial Council of Agricultural Research Department, the Archæological Department), we have definitely proposed their permanent location at Delhi. We also understand that in one case, *viz.*, the Indian Stores Department, Government have already issued, or intend to issue, orders to that effect. Provisionally therefore we have accepted the view that it would be reasonable to assume that taking the Secretariat and such of its attached offices as are under our purview, as a whole, one-third would on our proposals remain permanently at Delhi, one-third permanently at Simla and only the remaining one-third would continue for the present to be migratory. In the case of the staff of offices permanently located at Delhi or at Simla we recommend that house-rent and other allowances paid to ministerial officers should be examined and we consider that the present provision of 1·39 lakhs could be reduced by 20 per cent. This might be done by a revision of the existing code regulating such allowances. Further, on our hypothesis one-half of the provisions for hill journey allowances and hill journey charges would become unnecessary in 1932-33 and two-thirds with effect from a future date when Government find it practicable to work up to the provisional scheme contemplated by us.

In the absence of uniform details on the respective grants we have had, in some cases, to make our own estimates of what the present provisions are. In some cases we have left them unadjusted. The calculation is therefore approximate.

We may also add that we have left out the Army Department, since we have held that its problems including the question of locating it permanently at Delhi or Simla or keeping it migratory are not within our purview.

The following table shows the existing provisions for House rent and other allowances (Col. 1), Hill journey allowances (Col. 2) and Hill journey charges (Col. 3) and the approximate savings we estimate :—

	Rs.	Rs.	Rs.
Legislative Assembly Department	15,700	29,600	5,000
F. and P. Department	21,000	68,200	4,600
Home Department (Secretariat)	10,700	35,800	6,800
Director of Public Information	..	1,000	1,000
Intelligence Bureau	16,000	10,000	5,500
Reforms	5,000	..	3,000
Public Service Commission	1,000	9,000	1,500
Education, Health and Lands Department *minus* Records.	9,000	52,000	6,000
Legislative Department	10,000	31,100	5,000
Finance Department (O. B.)	10,000	59,500	4,000
Commerce Department	9,800	34,000	2,600
I. and L. Department	7,300	50,000	4,200
Central Board of Revenue	23,700	..	10,000
Total	1,39,200	3,80,200	59,200
Ratio of savings	$\frac{1}{5}$	$\frac{1}{2}$	$\frac{1}{2}$
Amounts of savings (in lakhs)	·28	1·90	·30
Total savings (in lakhs)	2·48		

GRANT NO. 27.—STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL (15·26 lakhs).

(1) *Explanation of expenditure and its variations.*—The expenditure on the Governor General's salary and sumptuary allowance and other heads has grown or decreased as below (the figures are in lakhs of rupees) :—

	1913-14.	1921-22.	1924-25.	1929-30.	1930-31.	1931-32.
Salary	2·51	2·29	2·51	2·51	2·51	2·58
Sumptuary allowance	·21	·40	·40	·40	·40	·40
Contract allowance (unaudited)	1·12	1·30	1·42	1·52	1·73	1·63
Motors and Conveyances (unaudited)	..	·30	·30	·38	·42	1·41*
Private Secretary and his establishment	1·20	3·06	2·36	1·81	2·15	1·93
Military Secretary and his establishment	2·10	2·20	2·66	2·91	4·05	3·11
Tour Expenses	4·14	4·58	4·12	4·78	3·42	4·21
English charges on stores	..	..	..	..	·12	..
Total	11·28†	14·13	13·77	14·31	14·79	15·26

The cost of some Viceregal establishments, *viz.*, band, bodyguard and personal staff is borne on the Army estimates. In addition, some expenditure is incurred in England, the figures for which cannot be separated from outlay debitable to other minor heads of " General Administration ".

Variations of expenditure since 1924-25.—(*i*) Contract allowance has gone up by ·21. This is largely due to the occupation of the New Viceregal House at New Delhi.

(*ii*) The maintenance of gardens is costing ·21 more than in 1924-25. This growth of expenditure is due partly to the transfer of ·09 from civil works and partly due to the occupation of the Viceregal House at New Delhi.

(*iii*) An increase of ·09 is due to the fact that customs duty is now levied on stores meant for the Viceregal household ; they used to be admitted free in 1924-25.

(*iv*) Tour expenses are a fluctuating charge.

(*v*) Postage and telegram charges have gone down by ·40 and the aggregate effect of the variations of expenditure on minor items is to increase the expenditure by ·23.

(2) *Establishments.*—Apart from the staff borne on the army estimates (*viz.*, the band, bodyguard, Military Secretary and the personal staff) the Viceregal staff is divided into two branches controlled by the Private and the Military Secretaries respectively.

The Private Secretary's is the smaller branch and consists of a Private Secretary (I. C. S. scale *plus* a duty allowance of Rs. 250—the present incumbent is not an I. C. S. officer), an Assistant Private Secretary (800—40—1,200) and a Registrar (600—40—800). The establishment in this branch consists of 15 ministerial and 28 servants.

* Includes the inaugural grant of 1·06 lakhs for motor cars.
† In the Inchcape Report the figure is 10·63 lakhs.

The officers under the Military Secretary's control are a Comptroller of the Household (1,500—1,700), a Surgeon (1,850), a Superintendent of the Gardens (600—750), an Assistant Surgeon (500—900), a Personal Assistant (900—1,000) and a Registrar (600—800). The establishments in this branch consist of 20 ministerial, 39 servants, 26 medical and 8 for the gardens.

The following table analyses the estimated 1931-32 expenditure in each branch :—

—	Pay of officers.	Pay of Establishment.	Allowances.	Presents and charities.	Postage, etc.	Supplies and Services.	Gardens.	Other contingencies.	Passages.
(i) Private Secretary .	·47	·70	·16	·04	·45	..	..	·10	·01
(ii) Military Secretary .	·83	·89	·25	·06	..	·22	·68	·11	·01

(3) *Savings offered.*—(*i*) The Private Secretary has offered to abolish the posts of Senior Assistant and Treasurer (pay Rs. 450) and one stenographer. The resulting saving including that on allowances is estimated at about Rs. 15,000.

(*ii*) The Military Secretary has agreed to the following reductions, the savings being shown in brackets :—

(*a*) Abolition of a post of Registrar (·10); (*b*) Supplies and Services (customs duty on stores) (·01); (*c*) Contract allowances (·06); (*d*) State conveyances (1·15) and (*e*) Tour expenses (·21), but the offer under (*e*) is provisional.

Of the reduction of 1·15 under State conveyances 1·06 is due to the omission of the inaugural grant provided in the current year, and ·09 is the permanent saving offered on two items, *viz.*, (*i*) six carriage horses that were previously maintained for use in the State carriages have been transferred to the Bodyguard which was short of establishment by over six horses. Thus, their maintenance, while in no way increasing the Army Department expenditure, will not be a charge against State conveyances and motors. The saving under this head is Rs. 4,000. (*ii*) The reduction of five posts in the Viceregal stables and of one post of European chauffeur will result in a further saving of Rs. 5,000.

His Excellency the Governor General has also decided upon the reduction of the number of the A.-D.-Cs. from 6 to 5 and to effect a further reduction to 4 if experience of the Delhi and Calcutta seasons shows such reduction to be practicable. The saving, however, accrues in the military and not the civil estimates.

(4) *Our proposals.*—We greatly appreciate the savings spontaneously offered by His Excellency the Governor General and recommend that they be accepted.

(5) *Summary of savings.*—1·68 lakhs. Of this ·40 lakh is in the nature of a genuine permanent saving.

GRANT NO. 29.—COUNCIL OF STATE (1·55 lakhs).

(1) *Administration.*—The administration of the Council of State is in the hands of the Legislative Department and except for the pay (Rs. 4,250 p. m.) and allowances of the President, the travelling and other allowances of members and contingencies the expenditure on account of the Council of State is charged to grant No. 34 relating to the Legislative Department.

(2) *Establishment.*—The Personal Assistant to the President and the Editor of Debates are exclusively employed on Council of State work. The Legislative Department contends that the other staff substantially employed on Council of State work consists of one Superintendent, two Assistants and one clerk, and that their work is equivalent to one or, at the most, two full-time ministerial posts.

(3) *Expenditure and its variation (in lakhs)* :—

—	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(*a*) Pay of President.	·55	·51	·54	·51	·52	·51	·51	·51	·51	·51	·51
(*b*) Members' allowances and other expenditure.	1·68	1·24	1·29	1·55	1·20	1·26	1·30	·79	1·02	1·29	1·04
Total .	2·23	1·75	1·85	2·06	1·73	1·77	1·81	1·30	1·53	1·80	1·55

Fluctuations of expenditure are due mainly to the length of the sessions and the extent of members' attendance. The average duration of the sessions per year during the last three years has been 53 days at Delhi and 13 days at Simla. It should be remembered that members of the Council of State used to receive greater privileges than members of the Legislative Assembly in the matter of allowances.

(4) *Departmental Proposals.*—A resolution adopted recently by the Council of State recommended that the Members' privileges, as regards the scale on which (*i*) travelling allowances and (*ii*) the length of the period before and after a session of the Council for which daily allowances can be claimed, be assimilated to those of members of the Legislative Assembly. The department have accordingly proposed to effect savings to the extent of Rs. 12,800.

(5) *Our proposals.*—We have considered the question whether the whole-time post of a President for the Council of State could be abolished. The department have urged certain reasons against the tentative suggestion made in our questionnaire that an official of the necessary standing, say, the Hon'ble the Law Member, might be appointed to act as President during the period of the Council's actual session. We quote the question and the department's reply in extenso :—

Q.—So long as the present practice of appointing an official as President lasts, the feasibility of appointing an official of the necessary standing to act as President only during the period of actual sitting of the Council of State may be considered. Would it be constitutionally feasible, if necessary after modification of the law, for the Honourable the Law Member to preside over the Council of State's deliberations without any extra emoluments ?

A.—" Each of the two alternative suggestions contained in this question was carefully considered before the first President of the Council of State was appointed. The first alternative was found to be open to grave objection. In the first place, it was felt that to provide the Council of State with a purely occasional President who, from whatever source selected, could never fill a place in the constitution comparable with that of the President of the Legislative Assembly would involve a refusal to the Council of State of its proper equipment and would be wholly out of keeping with the part designed to be played by the Council in the working of the constitution. In the second place, it was felt that an official called upon temporarily to discharge the duties of the President of the Council of State and designed to revert on the conclusion of the session to an ordinary post in the service of Government could not possibly command that confidence in his independence which is the first requisite in a President of a legislative body.

The suggestion that the Law Member should be appointed to be President of the Council of State was rejected on even more compelling grounds. The powers of the President of the Council of State are precisely the same as those of the President of the Legislative Assembly. They correspond with the powers of the Speaker of the House of Commons, not with those of the Lord Chancellor in presiding over the House of Lords, and are of such a nature as to render it manifestly improper that the office of the President of the Council of State should be filled by the Law Member or by any other Member of the Government. In amplification of this objection it should be observed that the Law Member must necessarily be the principal spokesman of Government in the Council of State and in the Legislative Assembly alike on any question which raises primarily an issue of law, that the questions on which he is required to intervene in debate will often be highly controversial and that it would plainly be out of the question that a Member of Government compelled by his position as such to play a potentially controversial part in debate in both Houses should preside over the Council of State.

The objections to the second alternative remain decisive. They do not arise out of the provisions of the Government of India Act and could not be removed by an amendment of that Act which would be compatible either with the existing constitutional position or with the contemplated constitutional position. The objections to the first alternative retain their full weight, but might not attach in an insuperable form to the permanent appointment to be President of the Council of State, in addition to his own duties and without extra emoluments, of an official so situated in his existing capacity as to possess the necessary independent status, provided always that the qualifications required for his permanent appointment were such as to render him suitable to hold the appointment of President of the Council of State. If, *e.g.*, the services of the Chairman of the Public Service Commission could be made available for the purpose—a point which is not within the purview of this department and with reference to which it has addressed no inquiry to the Department concerned—the appointment of the incumbent for the time being of that office to be President of the Council of State might afford an acceptable solution. It will of course be realized that in any event no change can be made until the existing President vacates his office. "

We have considered the counter-suggestion thrown out by the Department, but it does not appear to us to be acceptable. The constitutional objections urged against our suggestion regarding the Hon'ble the Law Member do not sound convincing to us. We note in this connection that the House of Lords

is presided over by the Lord Chancellor—a member of the British Cabinet. Should there be any legal objection against the arrangement proposed by us, it should be removed by a suitable amendment of the law. Nor do we see any force in the objection that the Hon'ble the Law Member is at times required to take part in debates in the Legislative Assembly, for we note that ordinarily he is appointed *ex-officio* member of the Council of State and not of the Legislative Assembly. Further, there is no reason why, as in the case of some other departments, the Secretary to the Legislative Department or other suitable official should not be able to discharge such duties in the Legislative Assembly.

Since the pay, etc., of the President amount at present to over half a lakh of rupees, and the duty is light and for a short period, we urge that no mere legal or technical objection should be allowed to stand in the way of an obvious measure of economy. We recommend definitely that the Hon'ble the Law Member should act as President of the Council.

(*ii*) The department's offer of ·13 on account of the reduced provision for the allowances of members may be accepted.

(6) *Summary of savings.*—Rs. 52,400 *plus* 12,800 = ·65 lakhs.

DEMAND NO. 30.—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT (8·29 lakhs).

(1) *Functions.*—All business connected with (*i*) the duties imposed on the Secretary of the Legislative Assembly by the Rules and Standing orders for the conduct of business in the Legislative Assembly and (*ii*) the proceedings of the Legislative Assembly.

(2) *Organisation.—Officers.*—Apart from the whole-time President (pay Rs. 4,000) and a Deputy President (pay Rs. 1,000) for four months, the staff consists of a Secretary (pay Rs. 2,500—3,250), a Deputy Secretary (pay Rs. 1,500—2,000), an Assistant Secretary, two Superintendents and a Watch and Ward Officer for three months. Establishment consists of 53 " Reporters, Assistants, and clerks " and 34 servants.

(3) Expenditure—

1929-30.	1930-31.	1931-32.
(Actuals.)	(Budget.)	(Budget.)
7·36	8·29	8·29

The Department was created on the 10th January 1929 and comparison with earlier years is not possible. Notwithstanding the accrual of increments to the staff the provision for the current year is the same as the budget estimate for last year owing to the fact that contingencies have been reduced from Rs. 61,000 to Rs. 48,000.

(4) *Department's proposals.*—No savings have been proposed except that the Department would be prepared to lend the services of such of its clerical and reporting staff as could be spared during the non-session periods for work on committees and conferences and in the regular departments of the Secretariat.

(5) *Our proposals.*—(*i*) Following our general plan for the reorganisation of work in the Secretariat offices we think, there should be only two officers, *viz.*, a Secretary and an Under Secretary. The present Assistant Secretary can be given the rank of an Under Secretary without extra emoluments. The present Deputy Secretary's post is only temporary and should be abolished as soon as he has had sufficient training and experience to fill the Secretary's post. The two posts of Superintendents should be abolished and a Registrar's post should be created in their place. Branches should be placed in charge of Assistants—in this case only one—who should be paid Rs. 50 p. m. for this work.

(*ii*) We further think that the establishment should be reduced by five ministerial and five servants' posts.

(*iii*) Miscellaneous contigent expenditure should be reduced by ten per cent. so as to save Rs. 4,800. The watch and ward staff should be substantially reduced.

(*iv*) In our opinion the present rule permitting the drawal by members of the Legislative Assembly of the cost of haulage of a motor car irrespective of its amount needs revision. We think a limit of Rs. 500 in all for both journeys —outward and return—should be imposed.

(*v*) We note that with a few exceptions the members of the Legislative Assembly have expressed themselves against any reduction in the members' allowances. We therefore make no recommendation on this subject.

(*vi*) On the above specific proposals and by the application of our general recommendations we estimate that there will be a saving of about ·41 lakh in 1932-33 and of about ·70 lakh in the first year after the Deputy Secretary becomes Secretary. Savings on hill journey and house-rent allowances and hill journey charges have been dealt with for the Secretariat as a whole.

(*vii*) When the new constitution is inaugurated, the Legislature may need more staff. We are, however, keeping this contingency out of our calculation for the present, and think that the arrangements proposed by us should continue till then.

DEMAND NO. 32.—HOME DEPARTMENT (60·2 Lakhs).

(1) *Functions.*—This department deals with all business connected with Internal Politics, Law and Justice, Police, Jails, the Indian Arms Rules, the Indian Civil Service, the Minor Administrations of Delhi, Andamans and Coorg, Registration, Naturalization of Aliens, Lunatic Asylums, Escheats and intestate property, European Vagrancy and Census. The scope of the Department has remained practically unaltered since 1921 except that certain subjects like police, jails, law and justice have become provincial subjects, mostly reserved. The Home Department are also in administrative charge of the Calcutta High Court.

This department, however, has three attached or subordinate offices under its administrative control, *viz.*, the Bureau of Public Information, Intelligence Bureau and the Public Service Commission. Though the budget of the Reforms Office appears in that of the Home Department in the 1931-32 grants and it performs functions which ordinarily belong to, and were performed formerly by, that department, it is now a separate office.

(2) *Organisation.*—The department is manned by a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary, two Assistant Secretaries and six Superintendents. The establishment consist of 68 ministerial and 68 servants.

In addition to the above staff there is an officer on special duty with the necessary establishments engaged on work connected with the recently promulgated Civil Services (Classification, Control and Appeal) Rules.

(3) The expenditure and staff of the Home Department have grown as shown below :—

	1913-14.	1922-23.	1924-25.	1931-32.
(*i*) Expenditure . . .	3·24	6·22	5·79	6·02
(*ii*) Staff—				
Officers . . .	4	9	7*	6*+1 O.S.D.
Superintendents .	—§	6	5	6
Assistants and clerks .	51†§	65†	62+3‡	68+8‡
Servants . . .	57†	69†	60+4‡	68+15‡

(4) *Department's proposals.*—The Home Department has offered to abolish one Assistant Secretary and (*i*) also a Superintendent, an Assistant and two clerks, and to replace these posts by those of routine clerks. The abolition of four posts of peons has also been offered. The total net saving contemplated amounts to Rs. 34,560. The Department has also offered to effect a permanent cut of Rs. 17,700 in contingencies. Taking into consideration other reductions, the total saving offered is ·52 lakh.

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*Exclusive of officers employed in the attached offices who carry on the work of the Home Department.

†Not known if this includes temporary men or not.

‡Temporary.

§Superintendents are included under Assistants and Clerk.

(5) *Our proposals.*—(*i*) We think, a Secretary, a Deputy Secretary and an Under Secretary are sufficient. The posts of Assistant Secretaries and Superintendents should be abolished and be replaced by one post of a Registrar for the entire office.

(*ii*) After weighing the pros and cons we think that the establishments both ministerial and inferior can be reduced by 8 per cent. and contingencies by 10 per cent.

(*iii*) On our proposals the net savings will be 1·52 lakhs. The savings on house-rent and hill journey allowances and hill journey charges have been accounted for under the Secretariat as a whole.

GRANT NO. 32-D.—REFORMS OFFICE (2·34 Lakhs).

(1) *Organisation.*—This office was set up in May 1930 for five months in the first instance, to deal with the problems of constitutional reform arising out of the report of the Indian Statutory Commission. Extensions were sanctioned subsequently and are due to expire on 29th February 1932.

It has a Reforms Commissioner of the status of a Secretary to Government, a Joint Secretary, a Deputy Secretary, an Assistant Secretary and a Superintendent. These officers are paid on the usual Secretariat scales. The establishment at present consists of 5 Assistants, 6 clerks, 2 stenographers and 17 servants.

(2) *Cost.*—The budget provision for 1931-32 is 2·34 lakhs as below :—

Pay of officers.	Pay of Establishments.	Allowances, etc.	Contingencies.	Passages.
1·37	·54	·11	·30	·02

(3) *Departmental proposals and action for economy.*—At first the Reforms Office offered to accept the following lump cuts, *viz.*, ·15 in pay of officers, ·06 in pay of establishments and ·02 in contingencies. The ministerial establishment and one of the two daftaries get 20 per cent. for work in this "special" office, and the Reforms Office presumed that it would either be retained or reduced on grounds not peculiar to its work.

When the Joint Secretary was absent from India from 26th September 1930 to 21st February 1931 in connection with the Round Table Conference, the vacancy was not filled. During his absence from 15th August 1931 till 15th January 1932 also it is going to remain unfilled, and when he comes back it is proposed to keep the Deputy Secretary's post unfilled. Besides, three posts of Assistants are also kept vacant at present.

The other officers meanwhile expect to remain fully occupied with constitutional and administrative work arising out of the proceedings of the Round Table Conference and any Committees which may be set up or be in progress in India in pursuance of the recommendations of the Round Table Conference. The requirements of the Reforms Office after the Conference and Committees are over cannot be foreseen.

Subsequently, however, the Reforms Office has offered to relinquish the post of Deputy Secretary, to continue to leave unfilled a post of an Assistant and to retrench two other posts of Assistants. It also proposes to cut out a major part of the provision of Rs. 7,600 for the payment of deputation allowance of 20 per cent. of pay to some of its staff. The total savings offered amount to about Rs. 43,000.

(4) *Our proposals.*—(*i*) Considering the standing in the I.C.S., of the officer holding the post of Joint Secretary, we can see no reason why the Reforms Office should offer to relinquish the post of Deputy Secretary and not that of the Joint Secretary. We recommend that the Joint Secretary's post should be abolished.

(*ii*) On our usual plan the Assistant Secretary's post should be abolished and the Superintendent's should be converted into that of a Registrar. The Reforms Office's offer to retrench certain ministerial posts should be accepted.

(*iii*) Contingencies may be reduced by 10 per cent.

(5) *Summary of savings.*—On our proposals and on those of the Reforms Office relating to the reduction of establishment the savings in this office will be at least ·70. The savings on hill-journey and house-rent allowances and hill-journey charges have been accounted for under the Secretariat as a whole.

GRANT NO. 33.—PUBLIC SERVICE COMMISSION (3·66+·64=4·30 Lakhs).

1. *Functions.*—The Public Service Commission was set up with effect from 1926-27 under section 96 (C) of the Government of India Act, 1919. The functions of the Staff Selection Board were then absorbed into the wider functions assigned to the Commission. These relate to (A) Recruitment, (B) Disciplinary cases, and (C) Other service matters. For a précis see appendix II (pages 72-73).

2. *Organisation.*—The Commission consists of five members, of whom one is Chairman, appointed by the Secretary of State in Council. The Chairman's pay is Rs. 5,000 and an ordinary member's pay is Rs. 3,500. The Secretary to the Commission gets a special pay of Rs. 400. The establishment consists of a Superintendent and 22 assistants and clerks, all on the attached office scale, and 27 servants. There is also a small provision of Rs. 400 for temporary establishment.

3. *Cost.*—The Staff Selection Board used to cost a little over Rs. 10,000 a year. The following table shows the cost of the Public Service Commission and that of holding examinations* (in lakhs) :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers .	1·23	2·50	2·58	2·56	2·464	2·508
Pay of establishments	·13	·38	·47	·53	·527	·595
Allowances, passages, etc.	·40	·66	·69	·33	·339	·372
Contingencies .	·25	·25	·26	·20	·210	·185
Total .	2·01	3·78	4·00	3·62	3·54	3·66
Cost of examinations*	..	..	..	·55	·55	·64

*Transferred to Grant No. 69-B "Miscellaneous Departments" since 1929-30.

It will be seen that the pay and allowances of the staff, particularly the officers, absorb a large proportion of the grant.

4. *Departmental proposals.*—The Commission at first offered for the year 1931-32 a reduction of expenditure to the tune of Rs. 43,300, *viz.*, Rs. 26,800 on the pay and leave salary of members, Rs. 8,000 under allowances, Rs. 4,500 on the pay and allowances of the establishments and Rs. 4,000 under "Examinations". These were mostly of a temporary nature. Permanent reductions of (*a*) Rs. 12,600 including Rs. 2,000 on the pay of establishments, Rs. 6,000 under allowances and Rs. 4,500 under contingencies, and (*b*) Rs. 14,000 under Examinations have been offered subsequently. Home Department has further offered to examine the question whether the number of Members should be reduced to four "as soon as circumstances on the Commission permit".

5. *Our proposals.*—(*i*) We may first draw attention to the relevant remarks and proposals of the Simon Commission,* the Government of India† and the Minorities‡ and Services§ Sub-Committees of the Round Table Conference. The Public Service Commission occupies a position of such importance, both actual and potential, in the political development of India, that we have no hesitation in endorsing the unanimous view that it must be maintained. We also think that the scope of recruitment through the Public Service Commission under Functions Rule 8, *i.e.*, for Central Services, Class II, and for special posts, should be extended. We further hold that in the interests not only of economy but of public service the Government of India should utilise the agency of the Commission, more than they do at present, in connection with service questions. This was one of the recommendations of the Lee Commission, who, in paragraph 30 of their report, said that they were confident that the Public Service Commission would become in course of time the recognised expert authority in India on all service questions. We also endorse the remark of the Public Service Commission that in " most matters of importance with which the Public Service Commission deal, it appears to them, as far as they can ascertain, that after the matter has been more elaborately considered by the five members of the Commission, it is reconsidered *ab initio* in the Government offices ". We remark that such a procedure entails waste of public time and money and is further likely to conduce to inefficiency. We should also like the Government of India to persuade some local Governments which do not at present sufficiently utilise the services of the Commission to do so. We note that the United Provinces Government already do so for their Provincial Civil (executive) and Police Services. It is true that the Punjab Government contemplate the establishment of a purely provincial commission. We would, however, like the Government to explain the position to that Government, particularly from the point of view of economy.

(*ii*) The maximum number of members *permitted* by Section 96-C of the Government of India Act, 1919, is five. The actual number has, *ab initio*, been five ; in fact, the Lee Commission had recommended the appointment of the maximum number. That this number has not been determined by the nature or amount of work but by other considerations is clear from the extracts from the Public Service Commission's and the Home Department's replies to our questionnaires ; we have printed them as appendix I (pages 70-71).

The Madras Services Commission consists of a Chairman and two members. According to the Bill introduced in the Punjab Legislative Council, the Punjab Services Commission is to consist of a Chairman and not more than two members. The British Commission consists of a Chairman and two Commissioners one of whom acts also as Secretary. The South African and Canadian Commissions are believed to have only one member and the Australian Commission two.

We agree that it is desirable to avoid any action which is reasonably likely to disturb the confidence of the members of the Services (whether European or Indian) in the Commission, and propose therefore to examine the position in some detail.

*Paragraphs 336-339, pages 294-295 of the Report (Volume 2).

†Paragraphs 203 to 211, pages 182-189 of the Despatch on proposals for Constitutional Reform.

‡Paragraph 13 of the Report of this Sub-Committee (page 158 of Volume III of the Proceedings of the Indian Round Table Conference).

§Paragraph 5 of the Report of the Services Sub-Committee (page 252 of Volume VIII of the Proceedings of the Indian Round Table Conference).

Firstly, the present Chairman is not due to leave before about the end of October 1932, and unless an Indian is specially selected to succeed him, his successor as Chairman will be a European. It should also be noted that the present recently appointed Secretary is also a European.

Secondly, the Lee Commission had emphasised the " importance of securing as members of the Commission men of the highest public standing who will appreciate the vital and intimate relationship which should exist between the State and its servants ", and who will be " detached, so far as practicable, from all political associations ". Accordingly and on that Commission's recommendation, the salaries were fixed at high levels corresponding, even in the case of members, to those considered adequate to attract suitable men for the posts of judges for the High and Chief Courts. The Commission states that " the experience of the last five years shows that the Indian and the European members of the Commission are equally anxious to do justice to the members of the services, whether European or Indian " and that " the Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers ". We fully endorse the Commission's view contained in these quotations.

Thirdly, we observe that the obligation on the Governor-General-in-Council to consult the Commission in disciplinary cases is confined to (*a*) appeals under the Statutory Appeal Rules, (*b*) recommendations of removal or dismissal to, and forwarding of appeals under the Statutory Appeal Rules to, the Secretary of State, and (*c*) questions whether service interests have been adversely affected by the abolition of any post or posts. In relation to memorials and to questions connected with the pay, allowances, pensions, leave rules, provident and family pension funds and conditions of service generally there is no such obligation. In every case, whether there be an obligation on Government to seek the Commission's advice or not, *the Commission is a purely advisory body* ; all matters of policy are reserved for the Secretary of State or the Government of India. Neither is bound to accept the Commission's advice and can reject it if the circumstances of the case justify such a decision.

Fourthly, we consider that the Indian members of the Commission are absolutely right in holding that " whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts " and in believing that an Indian majority on the Commission will not be objected to by a large number of British officers.

Fifthly, we are loath to import racial considerations into the discussion of this question. But, since the only ground on which the Home Department as well as the two European members on the Commission hold that the European element should remain in a majority (whether numerical or effective with a European Chairman's casting vote) is in essence a racial one, we are constrained to accord our support to the view urged by the two Indian members that it is " not just and reasonable to have a majority of one race continuously for ten years ". Even on this narrow ground we consider that the claim to an Indian majority for the next five years is not unreasonable.

Sixthly, at a time of such acute financial stress when Government have considered it necessary to place on the Indian taxpayer an unprecedentedly heavy burden of taxation, we cannot justify to ourselves the heavy cost of maintaining two members when admittedly they are not necessary for the disposal of the work. The claim to a European majority amounts, in essence,

to a claim to "*extra-territoriality*" in service matters relating to Europeans. We are not at all sure that the services themselves have made any such claim. In any case, we cannot see any chance of public opinion in India tolerating such an attitude and we believe that the interests of the services will in the long run gain and not lose if no such claim is made by or for them.

On all these grounds we must reject the Home Department's view that the number of members cannot be reduced to below four, and must urge emphatically its reduction to three. We consider it advisable that in the composition of the Commission the interests of the different sections of the people and the services should not be lost sight of.

Our proposal will yield a saving of Rs. 84,000 per annum on the pay of two members and perhaps of Rs. 6,000 on leave salary, allowances, etc., *i.e.*, a total saving of about Rs. 90,000. We shall take account of allowances elsewhere and shall take only Rs. 87,000 as the possible saving from this proposal.

(*iii*) Our minor proposals for economy are :—

(*a*) We doubt if the Secretary need be given a special pay of Rs. 400. His duties (including the statutory duty of recording the Commission's decisions) though responsible, are more or less of a routine nature. The qualifications expected of him are knowledge of and experience in administration and expert knowledge of examination work. The post is at present held by an officer of the Indian Educational Service. We are not convinced that it is necessary to draw upon any of the Imperial Services for this post, and we think it would be sufficient to have a secretary of the status of Assistant Secretary to Government. In any case, even if he continues to be drawn from an All-India Service, we hold that the special pay attached to the Secretary's post should not exceed Rs. 200. We may here observe that the special pay attached to the post of Secretary, Central Board of Revenue, whose responsibilities are, if anything, greater than those of the Secretary to the Public Service Commission and who actually is Deputy Secretary to Government *ex-officio*, is Rs. 300, and that Deputy Secretaries in the provincial secretariats get a special pay of Rs. 200.

(*b*) The Home Department has offered to reduce the number of stenographers by two, but it contemplates that the Commission would consist of four members. In the light of what we have proposed we think that it is practicable to cut out three of the five stenographers. For the present, however, we recommend that the department's offer be accepted.

As regards the other ministerial establishment, we think an immediate reduction of expenditure to the extent of Rs. 10,000 per annum can safely be effected. We may add that an extra stenographer or two and half a dozen ministerial hands could be engaged on a temporary basis for about five months when there is something like pressure of work.

We also think that the Chairman and members should not get more than a Jamadar and a peon each and that the number of other servants should be reduced by four.

We estimate that our proposals in this sub-paragraph will yield a saving of about Rs. 17,000 per annum.

(c) The provision of Rs. 500 for medical treatment may be reduced to Rs. 200. The provision of Rs. 18,500 for travelling allowance is admittedly high. The Chairman and members of the Commission are entitled to reserve first class compartments; we think this privilege should, in future, be confined to the Chairman, the other members being given a coupé compartment of two berths or when a coupé is not available, two first class berths.

The Commission agree that in the future touring will not have to be on the same scale as in the past. Home Department has suggested that the provision might be reduced to Rs. 8,500. In the light of our proposals the resultant saving should be more than Rs. 10,000. But, for the present we are content to accept the saving offered, *viz.*, Rs. 10,000.

We further hold that this office should be permanently located at Delhi. The provision for hill-journey and house-rent allowances should be deleted and that for other allowances should not exceed Rs. 3,000. In view of the fact that work in the hot weather is light, the privilege of recessing in the hills may be granted to the members of the Commission perhaps on a more liberal scale than in the case of other officers. So long as one member is available on the spot, we anticipate no serious difficulty about the disposal of work. We think it should be possible to save nearly the whole of the provision for hill-journey, house-rent and other allowances. But allowing for possible additional expenditure on travelling allowance, we estimate a net saving of about Rs. 13,000.

On our proposals the total saving on "Allowances, honoraria, etc." will be Rs. 24,300.

(d) The provision for contingencies may be cut down from Rs. 18,500 to Rs. 13,000. Savings Rs. 5,500 against Rs. 4,500 offered by the department.

(e) We agree that candidates for special posts called up for interviews and applicants for the posts of railway apprentices should continue to be paid travelling allowances. But we think that all candidates should be made to pay fees sufficient to put this part of the budget on a self-supporting basis. We therefore propose that this fee should be raised from Rs. 5 to Rs. 7-8-0. This will add about Rs. 2,500 to the receipts.

(f) The Commission stated that the question of reducing the scales of fees for setting and marking of papers and supervising and invigilating at examinations as far as possible was under its consideration. An economy of Rs. 14,000 has since been offered. We recommend that the offer be accepted. We shall take account of this under Grant 69-B.

6. *Summary of savings.*—Our proposals will yield the following permanent reduction of expenditure on this grant :—

(*i*) Abolition of two posts of Members, Rs. 87,000, (*ii*) Reduction of Secretary's special pay from Rs. 400 to an amount not exceeding Rs. 200 = Rs. 2,400, (*iii*) Reduction of at least two posts of stenographers, Rs. 7,000, (*iv*) Reduction of other establishments, Rs. 10,000, (*v*) Reduction of the provision for allowances, etc., Rs. 24,300, (*vi*) Contingencies, Rs. 5,500. Total, Rs. 1,36,200. (A saving of Rs. 14,000 on examinations is being taken account of under Grant No. 69, page 115.)

Besides, there will be additional receipts of about Rs. 2,500.

APPENDIX I.

Reference—Paragraph 5 (ii).

Q.—The Committee requests the Department to consider whether it is essential to have as many as five members including the Chairman and whether the volume of the Commission's work justifies this. Could not the members be reduced to three, *viz.*, a European, a Hindu and a Muhammadan ? It asks whether it would be feasible to combine the duties of the Secretary and Member, as is understood to be the practice in England where also there are only two members ?

A.—*Public Service Commission's reply.*

A.—It cannot be said that the volume of the Commission's work requires as many as five members and so far as the volume of work is concerned it could be done equally well with three Members, though the reduction would make it difficult to arrange for the representation of the Commission at the various provincial selection boards. But since the questions are decided by a majority of votes the advantages of fixing the strength of the Commission at three or five are obvious. The main functions of the Commission are to make that portion of recruitment for All-India Services and Central Services, Class I, which is made in India, and give advice in disciplinary cases and on service questions. These disciplinary cases generally consist of appeals preferred by members of the aforesaid services and such memorials presented by them as may be referred to the Commission. In regard to these appeals and memorials the Commission are a purely advisory body. If the number of members is reduced from five to three, *viz.*, one European, one Hindu and one Muslim, it is to be considered what effect it will have on European officers of the services. The experience of the last five years shows that the Indian and European members of the Commission are equally anxious to do justice to the members of the services whether European or Indian. The Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers. At the same time it will not be right to ignore the views of these officers and the majority of the Commission believe that however unreasonable this view may be, the proposal would disturb the confidence of European officers in the Commission. The Indian members consider that whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts, and they believe that an Indian majority on the Commission will not be objected to by a large number of European officers. They further urge that it will not be just and reasonable to have a majority of one race continuously for ten years, and emphasize the reasonableness of having an Indian majority for the next five years. They are prepared to revert to the present constitution, *viz.*, three Europeans and two Indians, if the experiment of an Indian majority does not prove successful.

2. With regard to a possible proposal that there should be only four members, the Commission is working with only four members at present. It is not a very satisfactory arrangement, because it is likely to impose on the Chairman an obligation to exercise his casting vote. According to the views stated above, the normal strength of the Commission should be three or five members (including the Chairman). But as a pure measure of economy it might be possible to reduce the number of members to four, *viz.*, two Europeans and two Indians, till the period of financial stringency is over.

B.—*Home Department's reply.*

Some of the considerations to be borne in mind in deciding whether the number of members of the Commission could be reduced are stated in the Commission's reply. The main consideration is that the constitution of the Commission should be such as to command the confidence of the public and of those services with which the Commission are concerned—not merely of European members of those services, but of all members. It is also necessary that the Commission should be so constituted as to represent among its members various qualifications. There is, for instance, a statutory rule that at least two of the members shall be persons who have been for at least ten years in the service of the Crown in India. It is also desirable that there should be a member with educational experience. There are obvious reasons that render it necessary that there should be one Hindu member and one Mohammadan member. Practical considerations make it desirable that there should be an odd number of members. These various considerations were weighed by the Government of India and the Secretary of State in Council, when the Commission was under creation, and the conclusion then reached was that the most satisfactory Commission would be one of five members.

Apart from financial considerations, the Home Department are of opinion that the reasons for the conclusion then reached still hold good. In particular, they consider it of very great importance that on the eve of far-reaching constitutional changes the confidence of the services should be maintained and that changes should not be made which would seriously affect that confidence. Without a reference to local Governments they are not in a position to say with certainty how far a reduction in the number of members would affect the services, but they regard it as essential that, whatever the constitution may be, two members should have service under the Crown in India.

The Home Department recognise that financial requirements may make it impracticable to continue to satisfy all the conditions which it is desirable to secure and which have been secured in the past. They would, therefore, be prepared to examine the suggestion that the number of members should be reduced to four as soon as circumstances on the Commission permit. The saving effected by reducing one membership would be about Rs. 45,600 per annum, including savings on account of travelling and other allowances and on account of personal peons. They do not think that the number of members should be reduced below this, but, so far as circumstances permitted, they would be prepared not to make officiating appointments in leave vacancies while one member of the Commission was on leave. They can give no absolute assurance in this respect, because it might be necessary to replace a member on leave possessing special qualifications, by an officiating member with similar qualifications.

The Home Department are also prepared to take up in consultation with the Finance Department the question whether the pay of future members, including the pay of future Chairmen, could not be somewhat reduced. The question of the pay of the Chairman would probably depend on whether he were recruited in England or from the services in India. It would ordinarily be necessary to give higher pay in the case of the former than in the case of the latter, since no pensionary rights are attached to the Chairman of the Commission as such.

It will be, of course, understood that changes in the composition of the Commission or in the pay of the members are matters for the decision of the Secretary of State.

APPENDIX II.

FUNCTIONS OF THE PUBLIC SERVICE COMMISSION.

A.—(1) *Recruitment to All-India and to Class I Central services.*

(*i*) To advise Government on any question connected with recruitment to an All-India Service or a Central Service, Class I, and referred to it.

(*ii*) In the case of recruitment by *competitive examination* :—to advise Government in regard to the regulations prescribing the (*a*) qualifications of candidates and (*b*) conditions of admission to, and the syllabus of, the examination, and to discharge certain auxiliary duties in this connection.

(*iii*) In the case of recruitment by *selection* :—(*a*) to advise Government in regard to the rules regulating the qualifications of candidates, to interview the candidates and perform other auxiliary functions, and (*b*) in cases of inadequate communal representation, to recommend candidates in accordance with Government orders. (Officers holding temporary posts can be confirmed by Government, consultation with the Public Service Commission being necessary only if the appointment in the temporary capacity was made with such consultation.)

(*iv*) In the case of recruitment by *promotion* to any permanent post in an All-India Service (other than the I. C. S.) or a Central Service, Class I :—to consider the claims of each nominated candidate and advise whether his qualifications are sufficient and his record satisfactory, and arrange the list in order of preference.

Exception.—(*a*) Officers holding H. M.'s Commission and (*b*) members of an All-India Service or a Central Service, Class I.

A.—(2) *Recruitment to Provincial Services, Central Services, Class II, and special posts.*

(*v*) Similar functions in regard to recruitment to any Central Service, Class II or to any special post, when so required by the Governor-General in Council.

(*vi*) The Commission *may*, subject to Governor-General in Concil's approval, perform such functions in regard to recruitment to provincial services and special posts as the Local Government may invite it to undertake.

B.—*Disciplinary cases.*

(*vii*) The Governor-General in Council must consult the Public Service Commission (except when its advice has been given previously and no fresh question has arisen),

(*a*) before considering any appeal under the Statutory Appeal Rules against any order of censure, withholding of promotion or increments, reduction, suspension, removal or dismissal,

(*b*) before passing any original order withholding promotion or increment or of reduction, removal or dismissal.

[*Explanation.*—An order giving notice of the termination of a contract of employment in accordance with the terms thereof is outside the scope of (*a*) or (*b*) above.]

(*c*) before recommending to the Secretary of State in Council the removal or dismissal of any officer or forwarding an appeal made to him under the Statutory Appeal Rules.

(*viii*) The Governor-General in Council may consult the Commission in regard to orders on memorials by an officer of any All-India or Central Service.

(*ix*) The Governor, Chief Commissioner or the Local Government of any province may consult the Commission before passing any order of the kind specified in (*vii*) (*a*), (*vii*) (*b*) and (*viii*).

C.—Other Service matters.

(*x*) The Commission shall advise (*a*) the Governor-General in Council on any question connected with the pay, allowances, pensions, provident or family pension funds, leave rules, or conditions of service generally of an All-India or Central Service, which he may refer to the Commission and (*b*) any Local Government, if so requested by that Local Government.

(*xi*) The Governor-General in Council shall refer to the Commission for its advice all cases in which the question arises whether or how far the interests of any officer or class of officers of an All-India or a Class I Central Service have been adversely affected by the abolition of any post or class of posts.

(*xii*) The Commission shall advise the Secretary of State on any question which he may refer to it through the Governor General in Council.

GRANT NO. 34.—LEGISLATIVE DEPARTMENT (5·51 lakhs).

A.—*The Department proper* (4·68 lakhs).

(1) *Functions.*—This department is charged with all business connected with—

(*i*) Legislation in the Indian Legislature ;

(*ii*) Legislation in Local Councils ;

(*iii*) Rules and Standing Orders for the conduct of business in the Indian Legislature except in so far as the said Rules and Standing Orders impose duties on the Secretary of the Legislative Assembly ;

(*iv*) Rules for the conduct of business in the local Legislatures ;

(*v*) the proceedings of the Council of State ;

(*vi*) the publication, translation and supply to Government officers and the public of Acts of the Indian Legislature and Regulations under section 71 of the Government of India Act ;

(*vii*) the nomination and election of Members of the Indian Legislature ;

(*viii*) the preparation and publication of Codes other than Codes appertaining to provinces which have Legislative Councils, Statute Books, Digests, General Rules and Orders and other similar works ;

(*ix*) Indian Law Reports ;

(*x*) Un-official references for opinion from other Departments ;

(*xi*) the duties of the Solicitor to the Government of India ;

(*xii*) the League of Nations ; and

(*xiii*) the Peace Treaties and the administrative control of the Clearing Office (Enemy Debts).

The Solicitor's branch will be dealt with separately except as regards cost, (*vide* paragraph 3) and some other similar matters.

(2) *Organisation.*—The Legislative Department proper has the following officers :—

A Secretary, a Joint Secretary and Draftsman (pay Rs. 3,000—4,000), a Deputy Secretary, an additional Deputy Secretary for five months, two Assistant Secretaries and two Superintendents.

The establishments consist of five Reporters (for the Council of State), one of whom is Editor of the Debates, 49 clerical (including two stenographers and the Personal Assistant to the President of the Council of State) and 42 servants. There is a total provision of Rs. 4,900 for temporary establishments

(3) *Cost* (including Solicitor's branch) and its growth (in lakhs)* :—

	1913-14.	1921-22.	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	1·06	2·78	2·54	2·71	2·97	2·95	2·61	2·42	2·53
Pay of establishments	·74	2·50	2·81	2·96	3·11	2·99	1·84	2·02	2·14
Allowances and passage contributions	·20	·65	·58	·64	·65	·58	·40	·44	·54
Contingencies	·27	·85	·43	·45	·45	·35	·39	·33	·30
Translator's department	·08	·06	·07	·07	·07	·07	·05	..	..
Total	2·35	6·84	6·44	6·82	7·24	6·94	5·29†	5·21	5·51

The office is divided into five sections as below :—

(*i*) Council and General (A superintendent, 6 Assistants and 6 clerks).

(*ii*) Publication (A Superintendent, 9 Assistants and 8 clerks).

(*iii*) Printing (The equivalent of an Assistant and 3 clerks).

(*iv*) Establishment (One Assistant and 2 clerks).

(*v*) Issue, Record and Library (1 Assistant and 8 clerks).

The staff has varied as shown below :—

Staff on 1st April.	1914.	1922.	1924.	1928.	1929.	1930.	1931.
Number of superior officers	3	10	8	8	7	7	7
Assistant Secretaries, Superintendents, Registrars, etc.	4	8	5	5	4	4	4
No. of ministerial establishment	32	93	62	77	45	52	54
Number of servants	62	100	65+38	64	42	42	42

(4) *Inchcape Committee's proposals.*—Out of the ten officers the Inchcape Committee recommended that the posts of a Deputy Secretary, one other officer and one of the officers in the Solicitor's Branch should be abolished, saving ·24, ·20 and ·15 respectively. Other reductions aggregating ·49 lakh were also recommended.

(5) *Department's proposals.*—The Department has offered the following savings, *viz.*, (*a*) omission of the provision for an additional Deputy Secretary next year and (*b*) a reduction of five clerical and four servants' posts. The savings amount to Rs. 42,700 but they do not all appear to be permanent.

* The cost of the solicitor's branch is included in the above figures ; in 1931-32 it is estimated at ·83 lakh.

† The drop from the peak attained in 1927-28 was due to the creation of the Legislative Assembly Department from 1st January 1929.

(6) *Our proposals.*—(*i*) From the application to this department of our general recommendation as to the organisation of the Secretariat we estimate net savings as below :—

	Lakh.
(*a*) Abolition of the post of Joint Secretary and Draftsman including his passage contribution	·40
(*b*) Abolition of two posts of Assistant Secretaries, two of Superintendents and reduction of the provision for voted leave salary	·52
(*c*) 10 per cent. on other contingencies	·03
(*d*) Deduction for one Under Secretary and one Registrar and for charge allowances to assistants in charge of sections	—·23

(*ii*) In the case of this department we also propose that eight ministerial posts should be abolished and one should be created for the disposal of the remaining work of the Local Clearing Office. Saving will be ·26.

(*iii*) In addition, there will be a saving of ·26 in the Solicitor's Branch (*vide* B below).

(7) *Summary of savings.*—·98 lakh in the department proper, and ·26 in the Solicitor's Branch. A saving of ·23 on account of hill-journey and house-rent allowances and hill-journey charges in this department has been accounted for under the Secretariat as a whole.

B.—*Solicitors' Branch* (·83 lakh).

(8) *Organisation.*—This branch is manned by three officers, *viz.*, the Solicitor (on Rs. 3,000), the Second Solicitor (on Rs. 1,200—1,800 *plus* overseas pay of £13-6-8) and the Assistant Solicitor (on Rs. 1,000—1,200). The present Second Solicitor also gets a personal pay of Rs. 350 and a special pay of Rs. 250 for work connected with the Local Clearing Office. The Solicitor is due to vacate his post in March 1932. The establishment consists of 2 clerks and about half a dozen peons.

(9) *History.*—Up to 1919 solicitor's work used to be done for the Government of India by a Calcutta firm of solicitors, one partner of which was called the Government Solicitor. The actual cost of this arrangement in 1918—the last year of its operation—was Rs. 67,000. In 1919-20 Government decided to have a whole-time solicitor attached to the Secretariat. As the solicitor selected was a senior man, it was decided to give him an assistant. A little later, a second assistant was recruited to the branch. We understand that the idea was that the first assistant should replace the Solicitor and the branch should be reduced to two.

(10) *Cost.*—The estimated cost of this branch is ·83 lakh and is included in the estimates for the Legislative Department.

(11) *Inchcape Proposals.*—The Inchcape Committee recommended that since a vacancy was likely to occur within a year " occasion should be taken to reduce the number of solicitors to two ". The Department did not find it practicable to give effect to this recommendation immediately. In 1927, however, it proposed to abolish the Third Solicitor's post and he was sent away. But before the post was actually abolished, he was recalled.

(12) *Our proposals.*—(*i*) As stated in paragraph (2) a permanent staff of three men was not intended, and we are not satisfied that three men are required now. We observe that during the absence of one of the officers on long leave two officers have generally carried on the work of this branch. So far as we are aware, two officers are even at present carrying it on during the Second Solicitor's absence on leave for seven months. We therefore propose that the branch should in future consist of two officers. We are of opinion that the Solicitors' Branch requires one senior solicitor or barrister with considerable professional experience and not more than one other professional man to assist him. We therefore propose that there should be only two men and having regard to the policy, which we understand was laid down by Mr. Montagu, one of them should be a qualified Indian. In these circumstances the post that should go out is that of the Second Solicitor. We further suggest that one of the senior assistants in the Legislative Department should have the professional qualifications of a solicitor or barrister.

(*ii*) Since the ministerial staff consists of only two clerks, there is no scope for retrenchment there. But we consider that it is possible to reduce the number of peons by two.

(13) *Summary of savings.*—The savings will be Rs. 25,300, *plus* approximately Rs. 600 on account of the reduction in the average provision for passages *plus* about Rs. 400 for chaprasis. The additional saving of about Rs. 2,100 on account of this officer's overseas pay has been left out of account here.

GRANT NO. 35.—DEPARTMENT OF EDUCATION, HEALTH AND LANDS (Rs. 8·18 lakhs).

(1) *Functions.*—All business connected with the administration of Education, Oriental languages, Records, Books and Publications, Reformatory schools; Archæology and Epigraphy; Arts and Museums; Medical Institutions and the Civil Medical services exclusive of officers on the Political cadre; Medical research; Public Health; Land Revenue; Land Surveys, Land Acquisition and Alienation; Civil Veterinary Department; Agriculture; Famine; Co-operation; Forests and arboriculture; Central agencies for research or promotion of special studies; Botanical Survey of India; Zoological Survey; Food-stuffs; Administration of the Indian Emigration Act; Indians overseas within the Empire, in territories administered by any part of the Empire under a B or C mandate and in Surinam; and the Haj pilgrimage; cinchona cultivation and the supply of quinine; Imperial Library; local self-government in Berar and throughout British India except British Baluchistan and Ajmer-Merwara.

We shall deal first with the department proper and then with the office of the Keeper of Records.

A.—*Department proper* (6·98 lakhs).

(2) *Organisation.*—A Secretary, a Joint Secretary (temporary), an Educational Commissioner (Rs. 2,500—3,000), a Deputy Secretary, an Additional Deputy Secretary, an Under Secretary, an Assistant Secretary, and six Superintendents, 88 Assistants, clerks, etc., and 73 servants. There is also a provision of Rs. 5,000 for an Officer on Special Duty.

(3) *Growth of expenditure and staff—*

	1921-22.	1924-25.	1931-32.
(i) Growth of expenditure.			
Pay of officers	1·91	1·86	2·66
Pay of establishments	1·32	2·05	2·93
Allowances, etc.	·45	·64	·84
Grants-in-aid, etc.	..	..	·3
Contingencies	·51	·52	·51
Total	4·19	5·07	6·97
(ii) Growth of staff.			
Officers	9	9	14
Clerical staff	45*	73	88
Servants	61*	63	73

*Education Department alone to which was subsequently added in 1923-24 a part of the old Revenue and Agriculture Department.

(4) *Inchcape Committee's proposals.*—This Committee thought that, in view of the essential modification of the position of the Central Government *vis-a-vis* the provinces under the Reforms Scheme in respect of education and medical administration, there was little justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory

Board or, indeed for the continuance of the Department as a separate entity. As a result of the regrouping of the subjects proposed by that Committee the whole Department of Education and Health emerged in the new garb of the Department of Education, Health and Lands.

(5) *Departmental proposals.*—The Department has offered various savings amounting to nearly ·26 lakh in the Department proper and ·24 lakh in the office of the Keeper of Records. A hope is held out that as a result of the examination of the office by an officer with office experience further savings might be possible.

(6) *Our proposals*—

A.—*The Department proper.*

(*i*) Following our general recommendations regarding the constitution of the Secretariat we recommend the abolition of the posts of Joint Secretary, Additional Deputy Secretary, Assistant Secretary and six Superintendents. A Registrar for the entire office with Assistants in charge of sections should take the place of the Assistant Secretary and the Superintendents.

(*ii*) The Educational Commissioner should be replaced by an officer of suitable standing in the Indian Educational Service, whose total emoluments should not exceed Rs. 1,500 per mensem.

(*iii*) We think, the establishment should in any case be reduced by 15 per cent. and contingencies by 10 per cent. We may note in this connection that in the case of this Department we have recommended the curtailment or transfer of certain activities.

(*iv*) On our proposals the gross savings will be 2·14 lakhs. After deducting ·13 for the Registrar and for allowances to Assistants-in-charge, the net savings on the department proper will be 2·01. There will also be a permanent saving of ·24 on the Office of the Keeper of Records. Besides there will be a saving of ·34 on account of hill-journey and house-rent allowances and hill-journey charges. This has been accounted for under the Secretariat as a whole.

B.—*Office of the Keeper of Records* (1·20 lakhs).

(7) *Functions, organisation and cost.*—This office dates from 1891 and its primary duties are to (*i*) repair and preserve the records in its custody and to supply them (or information from them) to Government offices, and (*ii*) subject to certain limitations, render their contents accessible to the public for purposes of historical research. The office is in charge of the Keeper of Records (pay Rs. 1,300—40—1,500) who is also, *ex-officio*, Assistant Secretary to Government. The ministerial establishment of 33 (a Superintendent, clerks, etc.) is estimated to cost ·62 lakh and the inferior establishment of 67 servants ·19 lakh. There is also a provision of Rs. 1,400 for temporary establishment.

Work connected with the Historical Records Commission is done in this office, and the 1931-32 session of the Commission was estimated to cost Rs. 5,500.

(8) *Growth of expenditure and of staff* :—

	1913-14.	1921-22.	1924-25.	1925-26.	1929-30.	1931-32.
(a) *Expenditure.*						
Pay of officers	·23*	·15	·16	·17	·18	·21
Pay of establishments . .	·49	·64	·71	·73	·82	·83
Allowances, etc. . . .	·01	·04	·03	·02	·05	·04
Contingencies	·01	·04	·08	·08	·17	·12
Total . . .	·74	·87	·98	1·00	1·22	1·20
(b) *Establishment.*						
Ministerial	33	33	33	33	33	33
Inferior	49	65	65	65	67	67

*There were two officers in 1913-14, one being an Assistant on Rs. 600—1,000.

(9) *Proposals.*—(*i*) There is only one officer and apart from the question of pay for the post, there is no saving possible on the " pay of officers ".

We must, however, remark that the pay is far too liberal even if the Education, Health and Lands Department's view, that it should correspond to the pay of a professor, be accepted. We shall make our proposals elsewhere.

(*ii*) We fully appreciate the value of the Historical Records Commission and the need for holding its meetings at intervals. But we are not so sure that it need meet at various centres, nor that an exhibition is necessary. In any case, we recommend that it should not meet in 1932-33.

(*iii*) As regards specific economies the Department have offered a reduction of ·24 lakh. We recommend that this offer be accepted, but this saving should be treated as a permanent saving and not as mere reduction of expenditure for the 1932-33 budget.

GRANT NO. 36.—FINANCE DEPARTMENT—ORDINARY BRANCH (7·44 lakhs).

(1) *Functions.*—(*i*) General Finance, that is to say —

(*a*) the Public accounts and estimates ;

(*b*) the Public expenditure ;

(*c*) the Public Ways and Means, including loans to and from the Public Treasury ;

(*d*) the management of the Public funds ;

(*e*) Taxation ;

(*f*) Provincial and local finance ; and

(*g*) the borrowing of public bodies ;

(*ii*) Customs ;

(*iii*) Taxes on Income ;

(*iv*) Salt ;

(*v*) Opium;

(*vi*) Excise ;

(*vii*) Stamps ;

(*viii*) Currency and Banking, that is to say—

(*a*) the Mints ;

(*b*) Coinage ;

(*c*) Paper Currency ; and

(*d*) the Imperial Bank of India and other Banks ;

(*ix*) Salaries and allowances, that is to say—

(*a*) the pay and allowances of public officers ;

(*b*) Leave to public officers ; and

(*c*) Pensions and gratuities ;

(*x*) The Civil Accounts Department, including Treasuries.

Army Finance and the Military Accounts Department are dealt with by a separate organisation under the control of the Hon'ble the Finance Member.

(2) *Organisation.—Officers.*—A Secretary, an Additional Secretary, a Deputy Secretary, a Budget Officer (Rs. 1,500—2,000), an Under Secretary, two Assistant Secretaries (Rs. 350—1,400 and special pay Rs. 250) ; one Assistant Secretary (on Rs. 1,000—1,250), and seven Superintendents. In addition there is at present a Joint Secretary.

Establishments.—90 Assistants, clerks and stenographers and 50 servants.

The posts of Additional and Joint Secretaries are temporary.

(3) *Growth of expenditure and staff.*—The following table shows the growth of expenditure and staff :—

	1913-14, Actuals.	1921-22, Actuals.	1924-25, Actuals.	1929-30, Actuals.	1930-31, Revised.	1931-32, Budget.
(*i*) *Expenditure.*						
Pay of officers	1·70	2·70	1·89	2·33	2·94	2·87
Pay of establishment . . .	1·49	2·22	2·09	2·89	3·04	3·29
Allowances, honoraria, etc. . .	·26	·52	·51	·74	·82	·83
Contingencies	·66	·81	·37	·51	·48	·44
Grants-in-aid	..	..	..	·01	·01	·01
Total . . .	4·11	6·25	4·86	6·48	7·29	7·44
(*ii*) *Numbers.*						
Officers	12	12	12	13	15	15
Staff	61	55	59	76	90	90
Menials	49	48	42	48	48	50

(4) *Salient features.*—Prior to the Reforms this Department had to deal with provincial budgets as well ; in all important cases the sanction of the Government of India and of the Secretary of State was required.

The Reforms separated provincial from central finance and relieved the Finance Department of provincial finance work. It also got larger powers of expenditure sanction.

After the report of the Inchcape Committee, the Finance Department was relieved of (*i*) work connected with salt, opium and stamps, these subjects being transferred to the C. B. R. in its dual capacity as an administrative body and as the Central Revenues branch of the Finance Department, (*ii*) railway finance and (*iii*) Posts and Telegraphs finance. There has, all the same, been a considerable increase in the number of officers and other staff.

(5) *Savings offered.*—The Department's final offer consists of the following items :—

(*i*) abolition of the following posts, namely, an Assistant Secretary, 6 Assistants, 7 posts in the second division ;

(*ii*) reduction of Rs. 13,000 in the provision for temporary establishments.

Including corresponding savings in allowances and after making a deduction for special pay to the Chief Superintendent and an Assistant, the estimated savings amount to ·75 lakh. The Department has further offered to consider the reduction of the status of the post of Additional Secretary to one of Joint Secretary, when the present incumbent vacates the former post.

(6) *Our proposals.*—Considering that the Finance Department was given considerable relief as stated in paragraph 4, we cannot accept the view that the present number of officers is the minimum with which the work can be carried on. Instead, however, of entering into a detailed consideration, we

propose that our usual plan should be applied to the Finance Department also. Instead of giving only one Deputy Secretary to the Finance Department, we would, however, give it two. We estimate that the savings on the abolition of the posts of Additional Secretary, Officer on Special Duty, Attaché, three Assistant Secretaries, seven Superintendents and the provision for leave salaries will be 1·67 lakhs. We think, the establishment can safely be cut down by 10 per cent. saving ·33 lakh, and other contingent charges can be reduced by about Rs. 4,000. Allowing for the expenditure on the posts of an Additional Deputy Secretary and a Registrar and for charge allowances to Assistants in charge, we estimate a net saving of 1·71 lakhs.

Savings on house-rent and hill-journey allowances and hill-journey charges have been taken account of under the Secretariat as a whole.

GRANT NO. 38.—COMMERCE DEPARTMENT (4·83 lakhs).

(1) *Functions.*—(*i*) Shipping and matters connected with it, (*ii*) Trade and commerce and connected matters, (*iii*) Import and export regulations, (*iv*) Exhibitions, (*v*) Life assurance, (*vi*) Actuarial work, and (*vii*) Ecclesiastical matters.

Recent additions to activities.—(*i*) Tariff Board, (*ii*) Ecclesiastical work transferred from the Department of Education, Health and Lands, (*iii*) Centralisation of work connected with navigation and mercantile marine, (*iv*) Work connected with the League of Nations and the international conferences, (*v*) administration of the Training ship " Dufferin ".

(2) *Organisation.—Officers.*—A Secretary, a Joint Secretary, a Deputy Secretary, three Assistant Secretaries (two permanent, one temporary), and five Superintendents including two temporary ones.

Establishments.—50 Assistants and clerks and 38 servants.

(3) *Growth of expenditure and staff.*—The expenditure and staff have grown as below :—

	1913-14.	1921-22.	1924-25.	1931-32.
(*i*) *Expenditure.*				
Pay of officers	3·46	1·67	1·20	2·00
Pay of establishment		2·14	1·20	1·94
Allowances, passages, etc.		·49	·34	·64
Contingencies		·69	·48	·25
Total	3·46	4·99	3·22	4·83

(*ii*) *Staff.*

	On 1st April 1921	1924	1931
Officers, *i.e.*, administrative and superintendents	8	7	11
Clerical establishment as provided for in budget	45	37*	50†
Menials	35	33	38

* Actual strength was 40 permanent and 2 temporary = 42 + Stenographers.
† " " is 46 " " 22 " = 68 + "

(4) *History.*—In 1913-14 Commerce and Industries Department formed a single Department. In 1917 the Munitions Board was created to meet war requirements ; when the war came to an end, the Board was converted into the Board of Industries and Munitions and later, in 1921, into a separate Department of Industries.

The Commerce Department used to deal, *inter alia*, with Customs. In 1924 Customs administration was transferred from its control to that of the Central Board of Revenue on the ground that, apart from delegation, there was little prospect of diminution of work in the Secretariat and that therefore the Secretariat proper should be freed from the functions of detailed administrative control exercised by it in the past. In fact, however, the two tables in paragraph 3 show that both staff and expenditure have grown substantially.

(5). *Departmental proposals.*—The Department has offered to try to effect a reduction in the number of Assistant Secretaries from 3 to 2 on the understanding that the posts of Joint Secretary and Deputy Secretary remain. As regards the subordinate establishments it proposes to await the examination of the office by an officer on special duty.

(6) *Our proposals.*—(*i*) We consider the Department's offer altogether inadequate. The Joint Secretary's post was temporary. It was understood that, so long as the Joint Secretary's temporary post was filled, the Deputy Secretary's post should remain unfilled. Now that, with effect from the current year, the Deputy Secretary's post has also been filled up, we do not see why Commerce Department should wish both posts to be kept alive. The maximum extent up to which we would be prepared to go is to give this Department an Additional Deputy Secretary. In accordance with our usual plan for the organisation of work in the Secretariat, we propose that all the posts of Assistant Secretaries and Superintendents be abolished and be replaced by one post of a Registrar in charge of the establishments and the office. Assistants should be placed in charge of branches.

(*ii*) During the last seven years the ministerial establishment* has increased by almost 62 per cent. in spite of the fact that the important subject of Customs was taken away from the Commerce Department. We however appreciate the force of the Commerce Department's contention and agree that in this case the percentage of reduction in the establishment should be small; we propose that the provision for establishment should be reduced by 5 per cent. Contingencies should, however, be reduced by 10 per cent.

(7) On our proposals the net saving will be ·98 lakh. The savings on house-rent and hill-journey allowances and hill-journey charges have been taken into account for the Secretariat as a whole.

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* Even after leaving out the staff for the Lighthouse officers, and the permanent Commercial Accountant and Assistant Actuary.

GRANT NO. 40.—DEPARTMENT OF INDUSTRIES AND LABOUR (6·53 lakhs).

(1) *History.*—This department dates from 1921 when it took the place of the Board of Industries and Munitions which was no longer required. The Inchcape Committee made proposals regarding the allocation of business in the Secretariat. These proposals were accepted in part and as one of the results of the survey of the position the Industries Department absorbed the Public Works Department, including its Posts and Telegraphs branch.

(2) *Functions.*—Development of Industries (Central aspects); Geology and Minerals; Explosives; Petroleum; Printing and Stationery; Patents and Designs; Copyright; Factories Act; Legislation relating to steam boilers; Legislation on the subject of Electricity (including water-power grants); Inter-provincial Migration; Stores; Labour Legislation; International Labour Organization; Meteorology; Post Office; Telegraphs; Telephones; Wireless telegraphy; Cables; Civil Aviation; Civil buildings; Communications; Irrigation and canals; Miscellaneous Public Works and Allotment of office accommodation to Secretariat and attached offices.

(3) *Organisation.*—The superior administrative officers number four, *viz.*, a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary. Besides, there is a provision of Rs. 13,800 in the 1931-32 budget for an Officer on Special Duty. Other officers are two Assistant Secretaries and eight Superintendents. Establishments number 158 including 71 servants.

(4) *Present expenditure and staff and their growth.*—For a proper appreciation of the growth of expenditure on this department it is necessary to group it with the enlarged Commerce Department and the now defunct Public Works Department.

(*i*) *Expenditure.*

	1913-14.	1921-22.*	1924-25.	1929-30.	1930-31.	1931-32.
Commerce	3·46	4·99	3·22	3·94	4·26	4·83
Industries and Labour			5·24			
Public Works Department	3·21	5·01	5·43	5·94	6·04	6·53
Total	6·67	15·24*	8·65	9·88	10·30	11·36

(*ii*) *Officers, clerks and servants.*	1913-14.	1921-22.*	1924-25.	1929-30.	1931-32.
	Officers. Clerks. Servants.	Officers. Clerks. Servants.	Officers. Clerks. Servants.	Officers. Clerks. Servants.	Officers. Clerks. Servants.
Commerce	9+53+49	11+46+40	7+37+33	8+48+38	11+50+38
Industries and Labour		13+60+49	14+83+68	14+86+71	15+87+71
Public Works Department		11+60+50			

*Note.—The Board of Industries and Munitions was still in existence.

(5) *Departmental proposals.*—A reduction of expenditure by ·33 lakh has been proposed, *viz.*, ·25 in the Industries Branch and ·08 in the Public Works Branch; the former includes ·18 on account of the discontinuance of the post of an officer on special duty.

(6) *Our proposals.*—Our general plan of Secretariat organisation involves the abolition of the posts of the Joint Secretary, the two Assistant Secretaries and the eight Superintendents, a Registrar taking the place of these officers and Assistants being placed in charge of branches. The provisions for establishments, allowances and contingencies should be reduced by ten per cent. Deducting ·14 for a Registrar and for charge allowances to Assistants, the *net* reduction of expenditure from our proposals will be 1·90 lakhs.

(7) *Summary of savings.*—1·90 lakhs. An additional saving of ·31 lakh on account of hill-journey and house-rent allowances and hill-journey charges has been taken into calculation for the Secretariat as a whole.

GRANT NO. 42.—PAYMENTS TO PROVINCIAL GOVERNMENTS ON ACCOUNT OF THE ADMINISTRATION OF " AGENCY " SUBJECTS (2·30 lakhs).

(1) *Explanation of the grant.*—This grant of 2·30 lakhs (of which 1·43 is non-voted) is intended for payments to the Local Governments of Madras (·38), Bombay (1·70) and Bengal (·22) for their administration of " agency " subjects, *e.g.*, Political, Haj Pilgrimage, Quarantine, Ecclesiastical, Major Ports, etc. The payments represent a share of the cost of the respective secretariats.

No payment is specifically made to Madras and Bengal. The Government of Bombay are paid ·32 for passport work done in the passport branch of the political department of the Bombay Secretariat and ·04 for that done in the passport branch of the office of the Commissioner in Sind. (The allowance of Rs. 200 p. m. to the Bombay Passport Officer is met out of the payment to the Bombay Government.) The reason for this is that passport work is heavy only at Bombay and Karachi. In 1914 the Government of Bombay had to create temporary posts in their Secretariat to cope with extra work in connection with passports. In 1921 some of them were made permanent, and the Central Government decided to bear the cost of these posts in accordance with the Devolution Rules.

In addition to this payment to Bombay Government of ·36 for passport work at Bombay and Karachi, central revenues bear an expenditure of ·10 lakh (provided in grant No. 45-Police) on the special passport establishments at Bombay (a Deputy Inspector on Rs. 275 and a clerk) and Aden (2 clerks).

(2) *Proposals.*—The departments concerned hold that no cheaper agency can be devised for the performance of " agency " work. We accept this view. But, we observe that the objects for which payments are made are somewhat specific in the case of Bombay. Since the cost of administration is likely to be reduced in that province, the question of reducing the amount paid to the Government of Bombay by approximately 10 per cent. (this being the percentage cut likely to be enforced in the provinces also) may be taken up with them. For the present we leave out of our calculation any saving that may possibly accrue from our proposal.

CHAPTER VII.

GRANT NO. 44.—ADMINISTRATION OF JUSTICE (·55 lakh).

(1) *Explanation of the grant.*—This grant of ·55 lakh consists of only two small items of ·40 and ·15 lakh representing the payment to the Local Governments of Bengal and Bombay respectively for services rendered by certain law officers of theirs to the Central Government. The administration of justice including the constitution, powers, maintenance and organisation of law-courts is a provincial reserved subject, subject to central legislation as regards courts of criminal jurisdiction and High Courts and courts of similar status. In the Governors' provinces the Government of India have only the general powers of superintendence, direction and control. The position of the Calcutta High Court is, however, an anomaly inasmuch as administrative control over it is vested in the Government of India.

The provision for the administration of justice is therefore made in the budgets of the respective major provinces or the minor administrations.

(2) *Proposals.*—(*i*) The payment made to the Government of Bengal comprises ·36 lakh as the Government of India's share of the total expenditure of the Local Government on account of the salaries of their law officers (*viz.*, Advocate General, Standing Counsel, Legal Remembrancer and the Government Solicitor) and ·04 for contingent charges incurred by the Legal Remembrancer on behalf of the Central Government, *e.g.*, fees to pleaders, etc. This latter part of the payment varies from year to year. The contribution to the Government of Bombay is calculated on the same basis.

Both the Local Governments were consulted on the possibility of effecting a reduction of ten per cent., but they replied that no reduction was feasible. Under these circumstances we are unable to make a definite recommendation. We think, however, that if, as is probable, the Local Governments concerned adopt " percentage cuts " of pay, whether on the Government of India's lines or on different ones, there might be a good case for inviting the Local Governments to give some relief to the Government of India.

(*ii*) As regards the High Court at Calcutta a question we have considered is whether it would lead to economy in the Home Department if the position of that High Court is assimilated to that of the other High Courts. The Simon Commission proposed that the expenses (including judicial salaries) of all courts of the status of a High Court should be charged on central revenues and the administrative control should in each case be vested in the Central Government. We understand that this question is under consideration in the Home Department and that no decision has been reached. We would therefore content ourselves with the remark that the financial consequences of the proposal should be fully weighed against any administrative benefit likely to accrue from it ; especially as the prospective revenue position of the Central Government is by no means so bright as it appeared to that Commission.

(*iii*) We should like to add that under the present arrangements the expenditure of the Calcutta High Court is apt to pass without sufficient scrutiny either of the Local Government or of the Government of India. We also think that the Government of India should initiate the necessary enquiries for retrenchment in that sphere.

(3) *Summary.*—No specific reduction of expenditure can be suggested.

CHAPTER VIII.

GRANT NO. 46.—PORTS AND PILOTAGE (26·16 lakhs).

GRANT NO. 47.—LIGHTHOUSES AND LIGHTSHIPS. (12·98 lakhs).

(1) *Introductory.*—Prior to 1929-30 there was only one budget head, *viz.*, " Ports and Pilotage ", and it comprised the following classes of expenditure, *viz.*, (*i*) Bengal Pilot service, (*ii*) port officers' establishments and marine courts, (*iii*) shipping offices, (*iv*) marine survey departments, (*v*) the training ship " Dufferin ", and (*vi*) lighthouses and lightships. The administration of the central subject " Shipping and Navigation " was, broadly speaking, in charge of the maritime Local Governments as agents for the Government of India, and the method of financing some of the above-mentioned services varied considerably from province to province.

The Inchcape Committee observed that there was little uniformity as to the authority by which these services were administered or as to the basis for the levy of fees on shipping. It recommended that the various services mentioned above should *all* be made self-supporting and proposed the reduction of expenditure from 26·32 to 24·21 lakhs. But since the entire policy was under Government's review at the time, it refrained from a detailed examination.

With effect from 1929-30 the administration was centralised and reorganised. As a result of this change the cost of " Ports and Pilotage " has increased considerably, and although the Inchcape Committee recommended that all the services should be made self-supporting, the receipts from the mercantile marine department have generally been below fifty per cent. of the expenditure, even when leave, pensionary and certain overhead charges are left out of account. As a result of the retrenchment proposed by it the Commerce Department hopes that in future about a-half of the expenditure will be covered by the levy of fees. On the analogy of the law* in force in the United Kingdom it thinks that the practice of India should be the same as in the United Kingdom. It hopes that when the retrenchment proposed by it is brought into operation, the aggregate amount produced by fees levied under the Merchant Shipping law will be approximately equal to one-half of the expenditure on the mercantile marine department in respect of the services for which the fees are leviable.

As regards pilotage the service is confined to Bengal for the navigation of the Hooghly river, and the accepted policy is to treat and administer it on a self-supporting basis.

The administration of lighthouses and lightships was also placed on a definitely self-supporting basis. A separate grant is now voted for " lighthouses and lightships " service, but the creation of a separate fund automatically transfers the excess or the deficit of receipts over expenditure to the Fund instead of leaving it to be borne by the civil estimates.

We shall now deal with the two grants separately.

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* *Vide* section 3 of the Fees (Increase) Act of 1923.

GRANT No. 46.—PORTS AND PILOTAGE (26·16 lakhs).

(2) *Explanation of the grant.*—This grant covers three distinct services, *viz.*, (*i*) the administration of "Ports", *i.e.*, headquarters direction and the mercantile marine departments, (*ii*) the cost of the Bengal Pilot Service and (*iii*) the cost of the training ship, the "Dufferin". The expenditure (in lakhs) on each has been :—

	1913-14.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(*i*) Ports including headquarters Direction . .	..	5·20	5·97	7·26	8·61	9·54
(*ii*) Pilotage . . .	10·54	16·16*	12·51	12·87	12·03	14·24
(*iii*) Training ship . .	*Nil*	·67†	2·06	2·35	2·40	2·38

*Unusually heavy expenditure on the building, repair and outfit of ships.

†In 1927-28 the R. I. M. S. Dufferin was converted into a training ship; before that it was on a "maintenance" basis.

(3) *Functions.*—The various mercantile marine departments comprising port establishments, shipping offices and ship survey departments perform the usual functions that are discharged by every government in matters relating to the mercantile marine.

The Bengal pilotage establishment is maintained for the pilotage of ships on the Hooghly, the navigation of which owing to the shifting sand-banks and the narrow channel kept available for ships to pass along, is difficult and cannot be entrusted to ordinary ship's crews.

The training ship is intended to train men for careers in the mercantile marine. The R. I. M. S. Dufferin was taken over in 1925, a price of 1·25 lakhs being paid to the Marine Department. In 1927-28 it was converted into a training ship at a cost of 4·36 lakhs and was opened as such in December 1927.

(4) *Organisation.*—(*i*) Under the scheme of centralisation of mercantile marine administration inaugurated by the Indian Merchant Shipping (Amendment) Act, 1928, with effect from 1st April 1929, Commerce Department is in direct administrative charge of the Ports and Pilotage services. A Nautical Adviser and a Chief Surveyor are maintained at headquarters to advise Government on matters relating to mercantile marine and ship survey questions respectively.

(*ii*) The coasts of India have been divided into six districts based on the major ports of Calcutta, Bombay, Madras, Rangoon, Karachi and Aden. Chittagong also is a major port, but for mercantile marine purposes it is a sub-district of Calcutta district. Each district is in charge of a chief executive officer called the "Principal Officer". At Bombay, Madras and Aden the Port Officers used to be employees of the respective Port Trusts or Port Funds: they are now directly in Government's employ. The Principal Officers are assisted by engineer-surveyors, ship-surveyors, shipping masters and subordinate establishments. The Principal Officers are also Superintendents of Lighthouses under the Indian Lighthouses Act except in the Bombay district. The following table shows the mercantile marine

establishments maintained by the Central Government in their own employ in the districts :—

	Calcutta.	Chittagong.	Madras.	Bombay.	Rangoon.	Karachi.	Aden.
(1) Ports Establishments—							
Principal Officer	1	..	1	1	1	1	1
Nautical Surveyor	1	1*	..	1	1	1 (Part-time.)	*Nil*
Wireless Telegraph Inspector	1	..	..	1	1†	*Nil*	*Nil*
Ministerial	18	3	..	10	24	6	7
Servants	18	7	..			3	
(2) Shipping Offices—							
Officers—Master	1	—	—	1	—	—	—
Officers—Deputy and Assistants	2	..	—	3‡	..	..	..
Ministerial	30	..	..	23	—	—	—
Servants	13	..	..				
(3) Ship Survey Department—							
Officers—Principal	1	..	1	1	1	1§	..
Officers—Assistants	5	..	..	4	—	—	—
Ministerial	5	—	—	8	—	—	—
Servants	16	..	..				

*Half of his pay is recovered from Chittagong Port Commissioners.
†Used to be non-gazetted.
‡Reduced to two from 14th September 1931.
§This is also the Principal Officer of the District.

The existing arrangements in the districts are somewhat complicated, the reason being that the staff also administers the provincial subject of "Inland Navigation". Thus, in the Calcutta district one-third of the cost of ship survey establishments and the cost of the "Fifth engineer and ship surveyor" and his staff are recovered from the provincial government. In the Chittagong district Rs. 1,000 per annum is paid to the Government of Bengal towards the cost of the ship survey department. In the Madras district contributions are paid to the Minor Ports Fund and the Local Government on account of certain establishments and contingent expenditure on account of ports and ship survey work, and certain recoveries are made for lighthouse work. In Bombay and Karachi some recoveries are made from the Government of Bombay towards the cost of the ship survey department. Similar arrangements are in operation in the other districts also. At certain ports, *e.g.*, Karachi, combined establishments are maintained for the Principal Officers and the ship survey sections.

The pay of officers varies. Members of the Royal Indian Marine appointed to mercantile marine appointments get their grade pay *plus* a staff pay which, it is claimed, is fixed with reference to the officer's status and the duties of his post. The staff pay takes the place, in part of provisions, lodging and services to which the officer would be entitled while serving afloat.

(*iii*) *Pilotage*:—For the needs of the Bengal Pilot service two pilot vessels the "Lady Fraser" and the "Andrew", are maintained under the command of one of the Branch pilots in rotation for a year.

The cadre of officers on service afloat consists of 2 Commanders, 2 Chief Officers and 4 second and additional officers and 8 engineers. The crew serving afloat numbers 144 men. There is also an establishment of 11 for the "Aid". Actual piloting work is done by pilots who are divided into various grades, *viz.*, Branch pilots, Master pilots, Mate pilots, First and Second Mate Leadsmen and Leadsmen Apprentices. The sanctioned strength of the service is fifty pilots and twelve leadsmen. The pay of leadsmen ranges from Rs. 200 to Rs. 350 *plus* 50 per cent. of lead money collected, and that of pilots varies from Rs. 400 to Rs. 2,250 *plus* overseas pay. The pilots on the running list also get extra emoluments in the shape of night pilotage fees; these are claimed to be in the nature of overtime pay.

The seniormost officer of the Bengal Pilot Service is, *ex-officio*, Deputy Port Officer (Pilotage), Calcutta, and is responsible for pilotage work. He is on a special scale of pay, *viz.*, Rs. 2,550 *plus* overseas pay. It seems that pilotage establishments, other than crews, are not charged to the pilotage grant, though we understand that a share of the cost of the Port Establishments is charged to the *pro-forma* accounts relating to pilotage.

(*iv*) The training ship has six officers, a Captain Superintendent (pay Rs. 1,800), a Headmaster on Rs. 1,500, a Chief Officer, two other officers and an Assistant Surgeon. The establishments comprising school masters, boatswain instructors, clerks, engine drivers, lascars, servants, etc., number 59.

(*5*) *Growth of staff and expenditure.*—The following two tables show how the staff and expenditure in India have grown compared with 1924-25. But owing to the radical change of policy inaugurated in 1929-30 comparison with the figures of previous years is not of much help. In fact, the old arrangements had to be continued during the major part of 1929-30. Hence the figures of even that year are not particularly useful for comparative purposes.

TABLE A.—STAFF.

	1924-25.		1931-32.	
	Ports.	Pilotage.	Ports.	Pilotage.
Officers	19	16 *plus* 72	34*	16 *plus* 58
Crew	9	144	191	155
Clerical and Menial	128	..		3

*Including one part-time post.

TABLE B.—EXPENDITURE.

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(*i*) Ports Direction	..	..	..	..	..	..	·06	·58	·58	·66
Port Officers' establishments.	..	2·22	1·24	1·41	1·74	1·39	1·73	2·15	3·22	4·42
Shipping Offices	..	·79*	1·50	1·63	1·44	1·93	1·88	1·94	2·05	2·10
Ship Survey Department.	..	·31	1·54	1·84	1·95	1·96	2·09	2·45	2·68	2·27
Scholarships and Miscellaneous.	..	..	..	..	·06	·07	·07	·10	·05	·06
Total for Ports	6·02	3·92	4·28	4·88	5·19	5·35	5·92	8·11†	8·61	9·51
(*ii*) Training Ship	..	..	..	·17	·67	5·27	2·06	2·35	2·40	2·38
(*iii*) Pilotage	10·54	14·69	14·22	17·65	16·16	14·19	12·51	12·87	12·03	14·24

*Does not include expenditure on Bombay Shipping office.
†7·26 after deduction of recoveries of ·85.

(6) *Receipts.*—The following table shows receipts under head "Ports and Pilotage". They include receipts from the shipping offices and the "Dufferin" but exclude those from Bengal pilotage.

	1928-29.	1929-30.	1930-31.	1931-32.
Mercantile Marine Department . .	4·68	3·83	4·23	4·32
Training ship	·17	·30	·35	·44
Total .	4·85	4·13	4·58	4·76

(7) *Departmental proposals* :—

A.—*Ports* (Grant 9·54 lakhs).

Commerce Department at first proposed to effect savings as shown below :—

	Sanctioned Budget, 1931-32.	Reductions in 1931-32.	Reductions in future.
	Rs.	Rs.	Rs.
(*i*) Headquarters Establishments	66,500	2,000	14,500
(*ii*) Marine Engineering (State Scholarships) . .	4,000	400	400
(*iii*) Madras District	32,000	1,000	1,400
(*iv*) Bombay District	2,99,200	14,090	14,200
(*v*) Training Ship	2,37,700	8,000	..
(*vi*) Karachi District	35,100	2,850	1,250
(*vii*) Aden District	33,000	300	..
(*viii*) Calcutta District	3,59,400	10,850	57,500
(*ix*) Chittagong Sub-District	19,000	100	..
(*x*) Rangoon District	1,04,000	620	620
Total .	11,89,900	40,210	89,870

It will be seen that the savings under (*i*) were effected, before the present retrenchment campaign began, by the appointment of a new Nautical Adviser and a new Chief Surveyor at headquarters on lower rates of pay. The saving offered under (*viii*) includes an automatic saving of Rs. 54,700 (provision for the payment of arrears of rent for the Calcutta port and shipping offices), which would have accrued in any case. The other savings amount to Rs. 20,670.

B.—*Pilotage* (Grant 14·24 lakhs).

A reduction of 1·06 lakhs in the 1931-32 grant was offered but the main items offered were ·50 due to the postponement of the reconditioning of S. P. V. "Andrew", ·20 on marine stores, ·10 on the cost of coal, ·22 on the pay of officers.

The following note embodies the Commerce Department's proposal as regards permanent reduction of expenditure :—

"Though the Service is in the first instance financed by Government, the expenditure is recouped by pilotage fees, and *pro-forma* accounts are maintained

to ensure that receipts cover expenditure. Owing to the present depression in trade there is a deficit at present, but steps are being taken to balance revenue and expenditure and in the current year Rs. 1,06,000 has been surrendered by reductions of expenditure. Automatic savings are expected under pay of officers and by this means and with other economies the income and expenditure are expected to balance. The Pilotage Dues Committee has been appointed to enquire into pilotage fees. Their report is expected shortly and the question whether any increase in fees is desirable will then be taken up."

C.—*The "Dufferin"* (Grant 2·38 lakhs).

The Commerce Department has stated that the provision for the training ship cannot be reduced permanently without impairing its efficiency. It has also explained that the "arbitrary" cut of Rs. 11,000 made by Finance Department has made it necessary to postpone the dry-docking of the ship for repairs, and that it will have to ask for an extra grant of Rs. 15,000 in the next year's budget.

(8) *Our proposals*:—

A.—*Ports* (Grant 9·54 lakhs).

(*i*) Excluding the expenditure on the training ship, the 1931-32 provision for Mercantile Marine administration amounts to 9·54 lakhs. The department has offered genuine savings of only Rs. 20,670. We consider this altogether inadequate, and we are persuaded that a reduction of the provision for 1932-33 by 1·50 lakhs as compared with that for 1931-32 is not at all difficult to effect. In this connection we draw attention to table B in paragraph 5, especially to the extraordinary increase in the cost of port officers' establishments compared with 1929-30. We may explain some lines along which expenditure can be reduced by at least the amount proposed by us.

(*ii*) We appreciate the need for technical advisers to the Government of India. But, we can see no valid reason why these officers should not be posted at the ports. We think it should not be difficult to obtain their advice from the ports. Occasional visits to the headquarters of Government may be necessary. We think, contact with actual work in the districts will be distinctly helpful to them and to Government. We do not consider that there is enough work for the two advisers at headquarters. The extensive re-organisation undertaken in the interests of centralisation may have required the services of advisers on the spot. Now that a very large portion of this work has presumably been completed, the need for the advisers at headquarters must be far less. If we may say so, their work was in the nature of special duties which should now come to an end. If any portion of the initial work is still outstanding, special posts may be created to complete it, provided that it is not possible to utilise the services of officers at the ports for this purpose.

We therefore propose that these two posts should now in the interests of economy be abolished, saving Rs. 55,000 in pay and possibly about Rs. 5,000 in other items.

(*iii*) We are not quite convinced that it would be impossible to combine the functions of these two officers. We find that the Principal Officer in charge of a port is, to quote the Commerce Department's words, "the chief executive officer of Government in all matters relating to mercantile marine administration and exercises *general supervision over the whole of the district staff including*, inter alia, *the staff for the survey of ships*." It seems to us therefore that it

should not be altogether impossible to come across a Principal Officer who might be able to combine the advisory duties of the Nautical Adviser and Chief Surveyor. So far as we can see, mercantile marine and survey duties are combined at some ports, *e.g.*, Bombay and Karachi; in fact we note that the Karachi officer is an engineer officer. In any case, we propose that the feasibility of such combination of duties should, though strictly as a second alternative to our proposal in (*ii*), be reconsidered, not in the light of an abstract theory but of concrete facts. We may concede that it is better to have two specialist officers, but the question is whether the extra administrative convenience is worth the cost at a time of acute financial stress like the present; we think it is not.

(*iv*) The numbers of officers are 12 at Calcutta, 13 at Bombay (including the Collector of Salt Revenue as Superintendent of Lighthouses, *ex-officio*), 2 at Madras, 2 at Karachi, 2 at Chittagong (one being a provincial officer), 4 at Rangoon and 1 at Aden. We hold that it is possible to reduce the numbers at Calcutta, Bombay and Rangoon by eight in all and we recommend accordingly. Commerce Department has abolished only one post, *viz.*, the temporary post of the Additional Assistant in the Shipping Office, Bombay.

(*v*) The Commerce Department's contention that in the case of officers belonging to the Royal Indian Marine the staff pay is fixed with reference to the officer's status and duties does not convince us as to the necessity of the present scales of emoluments which include staff pay, special pay and motor car or conveyance, compensatory local, house rent, Burma, R. I. M. craft supervision, travelling, overtime and closed holidays and other allowances. The following table shows the present actual emoluments of some such officers and the unusually high ratio they bear to grade pay :—

		Grade pay.	Staff pay.	Special pay.	Motor allowance.	Compensatory, Local, house-rent and other allowances.	Total.
(*a*) Calcutta	(*i*)	900	870	200	100	150+178	2,398
	(*ii*)	800	620	100	75	150+110	1,855
	(*iii*)	900	700	150	150	150+152+75+32	2,309
	(*iv*)	700	500	..	150	135+175+75	1,735
(*b*) Chittagong	(*i*)	625	620	..	..	300	1,545
	(*ii*)	650	500	..	..	75	1,225
(*c*) Bombay	(*i*)*	900	870	..	100	150	2,020
	(*ii*)	900	870	..	100	150	2,020
	(*iii*)	700	370	..	..	50+135+160	1,415
	(*iv*)	650	500	..	50	135+125	1,460
	(*v*) & (*vi*)	500	450	..	150	120+143	1,363
(*d*) Madras	(*i*)	900	870	..	..	73	1,843
(*e*) Karachi	(*i*)	800	700	..	150	..	1,650
(*f*) Rangoon	(*i*)	900	870	..	..	150+150+159	2,229
	(*ii*)*	700	500	..	..	135	1,335
	(*iii*)	625	500	..	..	50+120+120	1,415
	(*iv*)	800	500	..	..	50+135+135+113	1,733

*These officers are on leave.

We have selected only a few cases at random, but they are fairly typical and serve to illustrate the point that we wish to make, *viz.*, the unusually liberal treatment of Royal Indian Marine officers with such a profusion of allowances. Some of these allowances, *e.g.*, motor car allowances, we consider altogether unnecessary in the case of *officers* and some others as not justified by the nature of the duties performed.

They are also permitted to retain various classes of fees. Their number is large and we shall deal with only the two most important classes.

So far as we are aware, the Mercantile Marine Department is the only one in which *officers* get overtime allowances. The surveyor gets half of the overtime, Sunday and certain closed holidays fees for the survey of ships. The fees charged for shipping and discharging crews on Sundays and holidays and out of office hours on working days are paid to the officers in the shipping offices working overtime in certain cases ; in others they are credited to Government. Such overtime allowances can, in some cases, be handsome additional emoluments, as the following cases show :—Shipping Master, Calcutta's average monthly overtime fees amount to Rs. 560 and his Deputy's to Rs. 150. In the case of the Shipping Master at Bombay they amount to Rs. 367.

Examination fees levied from candidates taking the mercantile marine examinations are generally credited to Government, but in the case of Masters and Mates examinations they are paid to the examiners who are generally employees of the department. The amounts earned out of such fees by each individual officer varies according to the post held and its importance. To give a few illustrations, the Principal Officer, Bombay's monthly average of income out of examination fees is Rs. 113, and the Nautical Surveyor's Rs. 86.

The least that we must in this case recommend is that special pay and motor car, compensatory local, house-rent, overtime, Burma and all other allowances should be abrogated and the officers should, as is the case at Aden and almost so at Madras, be given only grade pay *plus* a suitable staff pay not exceeding the staff pay on the present scales. We may add that our recommendation as to the abrogation of local, compensatory and house-rent allowances is based on general grounds which we have applied to all other similarly circumstanced services recruited for work at the expensive stations. We must further remark that while many officers at Calcutta get *motor car* allowances, no officer at Rangoon gets them, though we note that three officers get *conveyance* allowances of Rs. 50 per mensem each. We cannot see why there should be any need for liberal motor car allowances at Calcutta. In this connection we might make it clear that we cannot accept the justification for the rapid growth of expenditure on allowances when the number of officers is almost constant. To give only one illustration, allowances to the ship survey staff at Calcutta have grown from Rs. 23,204 (actuals) in 1929-30 to Rs. 33,100 (budget) in 1931-32, and to the port staff at Rangoon from Rs. 8,100 (budget) in 1930-31 to Rs. 13,100 (budget) in 1931-32.

(*v*) We have similarly found cases in which contingent expenditure has grown rapidly in spite of a general fall in prices. Thus, the provision for contingencies for the ship survey department at Calcutta has been raised from Rs. 6,435 (actuals of 1929-30) to Rs. 7,300 in 1931-32. Similarly the provision for " Other charges " for the Rangoon Port Establishments has grown from ·19 in 1929-30 to ·27 lakh in 1931-32. The entire contingent expenditure needs a searching scrutiny by the department.

(*vi*) We can see no reason why an official motor car should be maintained for the use of officers, as one is in fact maintained for the officers of the shipping office, Bombay.

(*vii*) We are not satisfied that the " pooling system " for launches is used to the fullest extent possible and we propose that the feasibility of its extension to ports where it is not in operation be reviewed. The pooling arrangements should not be confined to mercantile marine, marine transport, lighthouses and similar cognate departments and every attempt should be made to " pool " launches with, *e.g.*, customs, salt, port police—in fact with every department, central or provincial, or local body (*e.g.*, a Port Trust) which maintains them. We also propose that suitable instructions designed to prevent the abuse of Government launches be issued to all concerned.

(*viii*) As regards the three posts of Wireless Telegraphy Inspectors (appointed under section 243 of the Indian Merchant Shipping Act of 1923 to enforce compliance with the requirements of the law in this respect) at Calcutta, Bombay and Rangoon, we are not at all satisfied that the inspection work cannot or should not be transferred to officers of the Royal Indian Marine or of the Posts and Telegraphs Departments. Commerce Department states that it tried the former arrangement at Bombay and Rangoon but found it unsatisfactory. We are, however, looking at the problem not from the point of view of absolute efficiency but of feasibility in relation to cost. We propose that the entire question be reviewed from this point of view.

(*ix*) While it is possible for us to enter into further detail, we consider it unnecessary to do so. We trust, the few illustrations we have given, a majority of which are typical, will show that expenditure has been allowed to grow with undue rapidity and that a rigorous examination should enable it to be reduced without any appreciable difficulty by 1·50 lakhs for the purposes of the 1932-33 budget. Considering that our proposal amounts in effect to one for the permanent reduction of expenditure by only ·81 in a budget of over 9½ lakhs, we consider we have not expected or asked for too much.

(*x*) We would also draw attention to what we have stated in some detail in paragraph 1 and recommend that independently of the law or the practice of other countries including the United Kingdom the various mercantile marine services should be placed on a really self-supporting basis, including leave, pensionary, overhead, depreciation, interest and other charges. The Inchcape Committee made the same recommendation and we presume that it must have been aware of the law and the practice in the United Kingdom through its Chairman—a promiment figure in the mercantile marine of the world. Commerce Department admits that in this respect neither the Board of Trade rule nor the British law is binding on the Government of India. We must urge that we can see no justification for the continuance of what, in effect, amounts to a subsidy of about four to five lakhs a year. Our proposal will add about 4½ lakh to the receipts under " Ports and Pilotage, " and will tend to bring the administration under closer scrutiny by the commercial community than the present arrangement does.

(*xi*) Finally, we think the time is now ripe for an extension of the principle of local self-government to the administration of the mercantile marine department, subject to the legislation relating to it continuing to be central and, if necessary, even made federal. We note that under the arrangements which were superseded by the centralisation scheme inaugurated in 1929-30 the port officers at Bombay, Madras and Aden used to be employees of the respective Port Trusts or Port Funds. Even if a complete reversion to that arrangement be considered impracticable, we can see little reason why the powers of statutory local bodies like Port Trusts shou'd not be extended so

as to include many of the duties at present discharged by the Central Government's own staff. We think it will be a cheaper arrangement and should work efficiently. We believe that local self-government in this respect is indicated by the trend of political developments. We may also add that the Inchcape Committee also "understood that the Government of India were inquiring into the question whether these offices should not be placed under the Port Commissioners at these ports" (the reference being to Calcutta and Rangoon, provision for which was included in the estimates reviewed by that committee).

B.—*Pilotage* (Grant 14·24 lakhs).

(*i*) Although this is claimed to be a self-supporting service and *pro forma* accounts are maintained for that purpose, we hold that reduction of expenditure should be effected by all practicable means. We do not accept the view that the aim should be merely to balance receipts against expenditure, but rather to reduce expenditure to the lowest practicable limit and then to adjust the fees charged to the public accordingly. Even if the benefit inures, in the first instance, to the commercial community, we consider, it will ultimately be so much gain to the general public.

(*ii*) Considering the extremely high scales of pay (including overseas pay) in force for the Bengal Pilot Service and the fact that the officers are not actually engaged in piloting work every day of the month, we see no justification for the payment of "overtime" pay in the shape of night pilotage fees, for which the provision is 1·27 lakhs=nearly 20 per cent. of the pay proper of pilots and leadsmen. We consider the payment of "overtime" pay or allowances to *officers* objectionable in principle and hold that the usual principle that a Government servant is a public servant for all the twenty-four hours of the day should be applicable to this service also. In the case of those already in service, however, we consider it fair to make some exception, as we have done in the case of the Customs Department. Our recommendation therefore is that in view of the acute financial stress, the scales of night pilotage fees be reduced to one-half. This will yield a saving of about ·64 lakh. Mr. Ramsay Scott thinks that the reduction should be one-fourth and not one-half.

(*iii*) We observe that even though the present trade depression has caused some fall in shipping (the Commerce Department's estimate of the decrease in the number of ships entering being 4 or 5 per cent.), the number of pilots has remained the same. We appreciate the force of the contention that pilots cannot be made in a few months and that therefore the number maintained for normal trade conditions may prove to be excessive in times of temporary depression but cannot on that ground alone be materially reduced. But at a critical juncture like the present one we see no justification for the retention in service of officers who have completed 55 years of age. We note that there are three such; and that another eight are already over 50. Some reduction of the number of officers can thus be carried out without causing undue individual hardship, and in our opinion the prospects of trade justify the reduction. We propose that the whole cadre of officers of the pilotage services be reduced so as to save *at least* 15 per cent. on their pay (Rs. 1,08,100 *plus* Rs. 8,06,100). Saving will be 1·37 lakhs. Since at least ten of the sixty officers have already reached their maximum pay (Rs. 2,200 *plus* £30 O. P.), our proposal to reduce the *cost* on the pay of officers by 15 per cent. will involve the reduction of the *number* of officers by a much smaller percentage. In fact we find that the retirement of the three superannuated officers would yield a saving of ·94 lakh and that of two others, even allowing for the recruitment of fresh men at the bottom would yield another ·58 lakh (Our calculation naturally includes overseas pay drawn by the officers).

(*iv*) The present establishments numbering 155 should also be reduced so as to save about 15 per cent. (·08) on their pay.

(*v*) The 1931-32 provision for victualling and store allowances of officers and men afloat is ·35 against the 1929-30 actuals of ·34. In the light of our proposals in sub-paragraphs (*iii*) and (*iv*) above and the fall of prices of foodstuffs, etc., we think, a provision of about ·30 should suffice for 1932-33. It should be reduced accordingly, saving ·05.

(*vi*) A reduction by ten per cent. in the provision for controllable contingencies should be effected, saving about Rs. 500.

(*vii*) Under "Purchase of marine stores and coal" Commerce Department offered for 1931-32 a saving of ·30 apart from the saving on account of the reconditioning of the "Andrew". Considering that the total provision for stores and coal is 1·78 lakhs, we think it should be possible to repeat this saving, at any rate a large part of it, in 1932-33.

(*viii*) The provision of 1·50 lakhs for the reconditioning of the "Andrew" should, as proposed by the Commerce Department, be reduced to 1 lakh for 1932-33.

(*ix*) In the light of our proposals in (*iii*) and (*v*) the provision for mess and passage money of pilots should be reduced by, say, 10 per cent., saving about Rs. ·03 lakh.

(*x*) On our proposals the total permanent reduction of expenditure will be 3·87 lakhs. As against this an extra provision of 1 lakh will be needed in 1932-33.

(*xi*) We further recommend that (*i*) a due share, *based on accurate calculation*, of the cost of all pilotage establishments should be charged to the pilotage grant, if, as it seems to us, this is not the present practice, and (*ii*) that interest on "capital" should, as recommended by the Inchcape Committee, be taken into calculation in framing the *pro forma* accounts. The fact that the present assets were acquired out of revenue may be taken as a technical plea against our proposal, but we consider it invalid in substance. It should not be difficult to take a valuation of the assets as they are to-day and to charge interest on such value.

(*xii*) We are not convinced that subject to necessary safeguards the Bengal Pilot Service cannot be brought under the control of a local authority. We see many advantages in such an arrangement, if it is not found totally impracticable. The direct voice of the commercial community of Calcutta will help to keep expenditure under control. It is a local Bengal service intended for the benefit of Calcutta. We note that the Bengal Pilot Service Re-organisation Committee recommended its transfer to the Port Commissioners, Calcutta, and we propose that the question should be examined afresh.

(*xiii*) Finally, we observe that Commerce Department states that it has made no attempt in the past to train up men of the *sarang* class for piloting work. We admit that as a class *sarangs* do not have the necessary education to qualify for the higher posts in the pilot services, but we cannot admit that that class is not suitable material. We consider that it offers a very promising field for the recruitment of men for the navigation not only of the high seas but also the deltaic river system of Bengal including the Hooghly, and we recommend strongly that attempts should now be made to secure suitable men from this class also.

C.—*Training Ship "Dufferin".*

(*i*) Staff and expenditure have grown as shown below :—

	1928-29.	1929-30.	1930-31.	1931-32.
(1) Staff—				
Officers	5+1	4+2	4+2	6
Establishments	51	48	54	59
(2) Expenditure—				
Pay of officers	·52	·63	·60	·69
Pay of establishments . . .	·34	·35	·41	·43
Allowances	·24	·20	·23	·28
Cadets' boarding	·14	·21	·27	·29
Total expenditure . .	2·06	2·35	2·40	2·38

But we must observe that the ship did not have, *ab initio*, the full complement of staff, which was strengthened as the need was felt.

(*ii*) The Commerce Department's view as to the possibility of reduction of expenditure has been explained in paragraph (7). We agree that the efficiency of the training imparted should not in any way be impaired. Hence we have no specific proposals to make.

GRANT NO. 47.—LIGHTHOUSES AND LIGHTSHIPS (12·98 lakhs)

(9) *Explanation of the grant.*—The expenditure from the grant for lighthouses and lightships aggregating 12·98 lakhs in 1931-32 is in fact met from light dues levied on ships arriving at or departing from ports in British India. Though the receipts and expenditure are credited and debited in the Government accounts, the funds are kept apart from Government funds and are merely invested with Government. Thus, the civil estimates of Government are not affected.

(10) *Growth of expenditure.*—Before 1929-30 the expenditure related to certain lights in Burma, Sind and Bihar and Orissa and at Aden. The administration was in charge of the maritime Local Governments, and there was great diversity of practice with regard to the incidence of charges for the maintenance of lights. With effect from 1st April 1929 the scheme of centralisation relating to mercantile marine matters including lighthouses and lightships was brought into operation. The accounts were also commercialised. These two radical changes detract from the utility of the figures of cost in previous years as a guide to a study of the growth of expenditure.

The expenditure is now incurred on account of the direction at headquarters, various contributions and the establishments in the districts. It may be set out as below :—

	1929-30.	1930-31.	1931-32.
(*a*) (i) Direction proper*	1·03	1·60	1·42
(ii) Contributions to funds, etc.†	7·75	6·17	6·10
Total	8·78	7·77	7·52
(*b*) Lighthouses—			
Madras District	·59	·82	·84
Bombay District	·26	·30	·41
Karachi District	·26	·22	·21
Aden District	·45	·46	·53
Calcutta District	·06	·13	·20
Rangoon District	1·20	1·02	·89
Total	2·82	2·95	3·08
(*c*) Lightships—			
Karachi District	·30	·42	·29
Calcutta District	·30	·40	·45
Rangoon District	1·61	1·55	1·60
Total	2·21	2·37	2·34
Grand total for the whole grant‡	13·88	13·09	12·98

* Including cost of a portion of the Commerce Department.

† Depreciation, Additions and Replacements, Reserve, Provident and General Reserve Funds and cost of account and audit and pensions.

‡ The "grand total" figures include a few small items not shown under (*a*), (*b*) or (*c*) and therefore do not tally with the totals of (*a*), (*b*) and (*c*) in 1929-30 and 1931-32.

The direct cost of lighthouses and lightships has been given in the table in paragraph 13 (*iv*).

(11) *Organisation.*—As a result of centralisation Government have, since 1928-29, sanctioned a headquarters establishment consisting of a Chief Inspector (pay, Rs. 2,000—100—2,500 [redacted]) and two Inspectors (Rs. 1,000—50—1,500), and a staff of 17 including two foremen and six assistant mechanics, a draftsman and a commercial accountant.

A portion of the cost of the Commerce Department charges is also debited to this grant; the provision for 1931-32 for this purpose is Rs. 13,200. Overhead charges are also debited to it.

As regards lighthouses numbering 26 in all no officers but only establishments are maintained; their numbers in each district are:—Calcutta (14)*, Madras (38), Bombay (27), Karachi (9), Aden (15), Rangoon (56). No establishments are kept for the maintenance of beacons.

Lightships are maintained in Calcutta, Karachi and Rangoon districts. The South Patches Lightship in Calcutta district which used to be in Rangoon district has an establishment of 15. The lightship establishment in Karachi district numbers 16. The Rangoon district lightship staff consists of 5 officers called Commanders (paid at rates varying from Rs. 200 to 450) and 41 crew.

A comparative examination of the figures for 1926-27 to 1931-32 reveals the fact that, broadly speaking, the staff has not only not grown but has been reduced. The only important exception is the creation of the headquarters staff as a result of the scheme of centralisation.

(12) *Departmental proposals.*—Commerce Department holds that the service being a self-supporting one, no reduction of expenditure is necessary. It has therefore made no proposal to that effect.

(13) *Our proposals.*—(*i*) We have considered the question whether there is any point in our undertaking a scrutiny of this grant. On the grounds explained by us in paragraph B(*i*) of the preceding grant, while dealing with the Bengal Pilot Service, we hold that we should subject this grant also to scrutiny. But since any reduction of expenditure effected affords no relief to the civil estimates of Government, we shall omit the savings from our calculation of the total reduction of Government's own expenditure.

(*ii*) The posts of Chief Inspector and two Inspectors and their technical and other establishments at headquarters were created in 1928-29. We hold that one of the three posts can be reduced, especially if our proposal in the next sub-paragraph is given effect to. In fact, we are informed that at present there are actually only two officers and not three on active duty, one post of Inspector being held in abeyance. A leave reserve of one officer for a total cadre of three is uneconomical. We therefore propose that one of the two Inspectors' posts should be definitely cut out, saving nearly ·14 lakh.

(*iii*) We see no justification for keeping the inspecting staff with their technical and other establishments at the headquarters of the Government of India. Their proper place is at the ports. Such advice as Government need can be obtained from the ports or from the Nautical Adviser, if this post is retained at the headquarters of Government. Apart from administrative convenience this arrangement should prove economical, since the expenditure on travelling allowances would, to a certain extent, be reduced. Since they are recruited for permanent work at the ports no local, compensatory, house-rent or other allowance should be payable.

* These 14 are for lighthouse work on Bihar and Orissa coast.

(*iv*) Leaving out the provisions for contributions to the Depreciation and Reserve funds, and accounts and audit and pensionary and provident fund charges the expenditure may be set out as below :—

	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Direction . . .	..	..	..	..	..	..	1·08	1·60	1·43
Lighthouses . . .	1·80	1·79	1·90	1·94	1·95	1·89	2·81	2·95	3·10
Lightships . . .	1·84	3·00	6·58	9·09	4·86	3·37	2·20	2·37	2·36

We consider that expenditure has not grown unduly in the districts. Some growth was inevitable as a result of centralisation ; new expenditure had to be incurred in Madras and Bombay, where the service had previously been financed from the Madras Coast Light Fund and the Southern and Northern Group Port Funds. But, we feel that headquarters direction expenditure has, as shown below, grown rapidly since 1929-30, when the scheme of centralisation was brought into operation.

	1929-30.	1930-31.	1931-32.
Pay of Officers	·34	·52	·54
Pay of Establishments	·15	·28	·37
Allowances, etc, ...	·16	·26	·27
Supplies (tools, etc.)	·018	·012	·043
Contingencies miscellaneous	·035	·040	·045

On our proposal in sub-paragraphs (*ii*) and (*iii*) some reduction on these items (except the first) should follow as a mere corollary. We think, a reduction of the whol provision for house-rent and hill-journey allowances and of ten per cent. in the expenditure on the other items is not excessive. In fact we think a larger reduction is indicated in the last three items, in which the growth of expenditure has been rapid. But, we shall keep to the ten per cent. Our proposal should yield savings as below :—

(*a*) Pay of establishments ·04, (*b*) Allowances Rs. 3,300 *plus* Rs. 2,410, (*c*) Supplies and Services and Contingencies ·01.

(*v*) The Public Works Department, Audit and Accounts Sub-Committee intimated to us that it had not taken up the question of construction of, and repairs to, lighthouse buildings and repairs to lightships. The position as it could ascertain from the Commerce Department was as below :—

> New construction and improvement work in connection with lighthouse buildings have, so far, been carried out by the departmental technical staff under the supervision of the Chief Inspector. As regards repairs, the practice varies. In Bombay, Rangoon and Calcutta districts, repair is carried out through the agency of the Public Works Department, in Madras district the work is done departmentally under the supervision of the local Superintendent of Lighthouses, and in Aden and Karachi districts it has occasionally been carried out through the agency of the respective Port Trusts. In Aden even the agency of a private company

viz., the Perim Coal Company has sometimes been utilised. It has, however, been decided that in future heavy repairs in the Karachi district should be carried out through the Public Works Department.

Repairs to lighthouse machinery are carried out by the technical staff under the supervision of the Chief Inspector.

Repairs to the hulls of lightships are supervised by the Mercantile Marine Department.

We have considered the question whether any change is needed in the present practice with regard to (*a*) new constructions, (*b*) improvement and special repairs and (*c*) ordinary repairs to lighthouse machinery and lightships. This is a technical question and we are content to leave it to the department to introduce such modifications, if any, as appear to them necessary in the interests of economy.

(14) *Summary of savings.*—The total reduction of expenditure will be ·25 lakh. It will be seen that this estimate leaves out of account the savings that will accrue from the proposals made by us in sub-paragraph (*iii*).

CHAPTER IX.

GRANT NO. 64.—COMMERCIAL INTELLIGENCE AND STATISTICS (5·81 lakhs).

(1) *Historical.*—In April 1914 the Commercial Intelligence Department was sub-divided into two separate organisations, *viz.*, the Bureau of Commercial Intelligence and the Directorate of Statistics. In the interest of economy they were re-amalgamated from 1st December 1922, and the status of the Director of Statistics was reduced.

(2) *Functions.*—The Commercial Intelligence section collects and disseminates information likely to be useful to firms in India, especially the smaller ones, regarding India's overseas and internal trade—actual or potential. The Statistics section compiles and publishes various classes of statistics. The administration of the Commercial Library and Reading Room at Calcutta is also vested in this department.

The principal publications of this department are (*i*) Review of the Trade of India, (*ii*) Statement of the foreign sea-borne trade and navigation of British India, (*iii*) Indian Customs Tariff, (*iv*) Statistical Abstract for British India, (*v*) Agricultural Statistics, (*vi*) Estimates of area and yield of the principal crops and (*vii*) Indian Trade Journal. Many of the publications are annual, and a few are biennial or quinquennial. Crop forecasts and cotton press returns are issued at intervals of less than a year. The Trade Journal is a weekly; its principal features are (*a*) information regarding foreign tariff changes, (*b*) notices of tenders invited, and information regarding contracts placed by Government departments, (*c*) republication of Government orders and notifications on trade matters and (*d*) crop reports and forecasts.

The department works in co-operation with the Directors of Industries in the provinces, other Government departments, the Indian Trade Commissioner at London, His Majesty's Trade Commissioner in India, trade consular officers and other authorities interested in India's trade. A new development is the scheme of special Indian Trade Commissioners at Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

(3) *Organisation and cost.*—The department is manned by four officers, *viz.*, a Director General (Rs. 2,300—50—2,500 *plus* overseas pay £13-6-8), two Deputies (one on the senior I. C. S. scale *plus* a special pay of Rs. 200 and the other on Rs. 950—1,500) and a Local Trade Intelligence Officer (Rs. 500—25—800). Officers' pay costs ·81 lakh.

The ministerial establishment of 121 is estimated to cost 1·74 lakhs in luding the necessary provision for "honorary" trade correspondents at Rs. 50 p. m.

The inferior establishment consists of 36 servants and costs Rs. 7,600.

There are provisions of Rs. 4,500 and Rs. 800 for temporary and Caretaker's establishments. A small establishment of four is maintained at Bombay at a cost of Rs. 6,600 for the collection of statistics relating to the cotton industry.

So far, India has special trade representation at London and Hamburg only; this expenditure is not included in this grant but is shown in the High Commissioner's budget. An officer recently selected for the trade commissionership at Milan is under training in India; his salary (Rs. 8,800 for 11 months) and travelling allowance (Rs. 1,000) are provided in this grant.

Additional staff estimated to cost Rs. 13,800 in 1931-32 was sanctioned in pursuance of the scheme, estimated to cost 2·26 lakhs a year (*viz.*, Rs, 13,800 for establishments and Rs. 2,12,100 for subsidies to railways and steamship lines), for the monthly and, in selected cases, weekly compilation of statistics of inland trade—rail and river-borne. But, this entire scheme has now been

held in abeyance. On the other hand, three other new schemes have been initiated during the current year and it is not proposed to hold them in abeyance. These schemes and the estimated cost of each are :—

(*i*) Two additional clerks for compiling the statistics of the trade passing through the Kathiawar ports (Rs. 1,300).

(*ii*) A Deputy Superintendent, one Assistant and 3 clerks for the improvement and extension of agricultural statistics (Rs. 7,800).

(*iii*) Two temporary assistants for the analysis of the existing statistics bearing on the economic position and tendencies in India (Rs. 2,400).

(4) *Growth of expenditure*—

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30. (budget.)	1930-31. (budget.)	1931-32.
Expenditure . . .	1·51*	2·97	3·04	2·47	2·43	2·67	2·96†	3·21†	3·26†	5·81

*This 3·04 includes an arrear payment of ·51 to three Local Governments.

†Including Rs. 35,000 for priced publications which are now supplied free.

The Director General's pay was revised in 1926 from the senior I. C. S. scale *plus* a special pay of Rs. 300 to Rs. 2,300—50—2,500 *plus* O. P. of £13-6-8. Since 1924-25 ministerial and inferior establishments have increased by 60 and 9 respectively, and their pay has been revised. The increased cost of "allowances, honoraria, etc.," is due to the grant of compensatory and house-rent allowances, and, to a very small extent, to the grant of the Lee concessions. On the other hand, the payments to railways, steamship lines and local Governments (apart from the inland trade statistics scheme) have decreased from ·48 (net) to ·25, in spite of the initiation of a new service costing ·10, *viz.*, rail and river-borne statistics relating to raw cotton. In pursuance of the Cotton Industry (Statistics) Act of 1926 another new service has been undertaken; the 1931-32 provision for it is Rs. 8,000. Fresh items of expenditure included in the 1931-32 budget have been fully explained in paragraph 3.

(5) *Inchcape and departmental proposals.*—The Inchcape Committee proposed that the budget should be reduced from 4·80 to 2 lakhs. It was accordingly brought down to 2·12 in 1924-25, but the actual expenditure in that year was 3·04 including ·51 for arrear payments.

The Commerce Department at first offered a saving of Rs. 12,155, but no portion of it is permanent. The department's view was that "no permanent saving can be proposed without giving up the new schemes sanctioned, after very careful investigation, for the improvement of statistics under various heads", and it added that it would strongly deprecate the permanent abandonment of the scheme for the revival of inland trade statistics.

Subsequently, the department offered to replace the Local Trade Intelligence Officer, when he retired,§ by the officer at present under training for the trade commissionership at Milan. Further, the provision required for the newly appointed Deputy Director General, *viz.*, Rs. 1,500 a month would be less than the provision for the present I. C. S. officer. The Department thus offered a saving of ·32 lakh under "Pay of officers". The omission of the extra establishment provided in the 1931-32 estimates would enable the cost of establishment to be reduced from 2·17 to 1·92 lakhs, after allowing for the accrual

§ He was due for superannuation in June 1931.

of increments, and an additional saving of Rs. 2,000 would accrue under allowances. Besides, it offered to drop the scheme for the revival of inland trade statistics. The total reduction of expenditure offered would thus amount to 2·55 lakhs.

As regards the offer to keep the trade commissionership at Milan in abeyance, paragraph 6 (*vii*) of our proposals may be seen. We would further observe that the saving due to the appointment of a cheaper officer as Deputy Director, Commercial Intelligence, is automatic.

(6) *Our proposals.*—At a time of such acute financial stress all recent growth in this department except such as is clearly proved to be essential must be lopped off. We do not think that the Commercial Intelligence section should be closed down and only the statistics section maintained. We are satisfied that the relatively small expenditure on the former is justified by the services rendered to the trade, specially to the small firms. But, we hold that the department has been allowed to grow apace since 1924-25. Our proposals on the new activities will lead up to those relating to the staff.

(*i*) The following seem to be the new schemes sanctioned since 1924-25, *viz* —

(*a*) *1925-26.*—Scheme to strengthen the office by the appointment of two clerks. Average cost Rs. 1,875.

(*b*) *1926-27.*—(*i*) Strengthening of the office by the creation of four additional appointments of compilers and (*ii*) revision of pay of the stenographers. Average annual cost Rs. 4,400.

(*c*) *1927-28.*—Entertainment of two clerks in connection with the statistical returns of cotton goods and yarn produced in Indian mills. Immediate extra cost Rs. 1,310; average annual cost about Rs. 2,000.

(*d*) *1927-28.*—Creation of additional appointments of three Assistants two clerks, 1 Daftary and two peons for strengthening the office. Immediate extra cost Rs. 5,700; average cost Rs. 10,000.

(*e*) *1927-28.*—Revision of pay of the clerical staff. Immediate extra cost Rs. 4,000; average annual cost Rs. 25,000.

(*f*) *1929-30.*—Strengthening of the staff by the creation of one additional post in the Upper Division and two additional posts in the Lower Division and grant of a special allowance of Rs. 50 per mensem to the Assistant-in-charge of the Trade Journal. Immediate extra cost Rs. 2,970.

(*g*) *1930-31.*—An additional clerk for the revision of some statistical forms relating to sea-borne trade returns and customs duty. Immediate extra cost Rs. 700 and average Rs. 1,230.

(*h*) Eight Honorary Trade Correspondents, six Assistants and four clerks for the analysis and improvement of the existing statistics illustrating or bearing upon the economic condition of, and tendencies in, India. Immediate extra cost Rs. 13,600. We should, however, add that these eight Honorary Trade Correspondents were, in fact, never appointed.

(*i*) *1930-31.*—Four additional peons. Immediate cost Rs. 700.

(*j*) *1931-32.*—(*i*) Inland trade statistics—rail and river-borne, (*ii*) Statistics of trade passing through Kathiawar ports, (*iii*) Improvement and extension of agricultural statistics, (*iv*) Extension of scheme (*h*).

Out of the schemes mentioned above we think only (*b*) (*ii*), (*c*), (*e*) and (*j*) (*ii*) should be maintained. Some of the others merely represent a

reversal of the retrenchment effected before and after the enquiry by the Inchcape Committee. The savings from the cancellation of three of the 1931-32 schemes will be 2·36 lakhs. As regards savings from the cancellation of the schemes sanctioned in ealier years, we shall lump them with the savings proposed by us in sub-paragraph (*iv*). It will be seen that our proposal in that sub-paragraph will still enable some of these schemes to be alive.

(*ii*) When the present incumbent gives up charge, the head of the Department may be designated Director and not Director General. Although the change of name does not necessarily involve immediate reduction of expenditure, in this particular case it will, we think, be distinctly helpful in connection with the revised scale of pay which may be fixed for this post.

For managing the reduced activities we consider that two officers, *viz.*, the Director General and a Deputy should be sufficient. The post held by the I. C. S. Deputy should be abolished, and not merely replaced by a cheaper appointment. The savings on pay alone will be Rs. 20,100.

If necessary, one of the Superintendents with some aptitude for intelligence work might be designated as Assistant Director General and paid a small special pay of, say, Rs. 50 for increased work and responsibility.

We may here observe that in 1913-14 this department had the following officers, *viz.*, a Director (on Rs. 2,000), an Assistant Director (on Rs. 900) in charge of statistics and a Personal Assistant (on Rs. 500).

(*iii*) We are not satisfied that a Local Trade Intelligence Officer at Calcutta is necessary. We observe that there is no such officer at any of the other commercial centres ; the need for maintaining one at the headquarters of the department cannot be greater than, *e.g.*, at Bombay. This post should be abolished. The Deputy and the Assistant Directors should be able to keep the department in touch with local commercial interests. Savings Rs. 9,600 (pay) *plus* Rs. 500 (compensatory allowance) or say, Rs. 10,000. The present incumbent was due for superannuation in June 1931.

(*iv*) The establishments should be reduced by one-tenth, saving ·20 lakhs.

We may add that even under this proposal the department will still have a ministerial establishment of 109 (against 86 in 1913-14 and 82 in 1924-25) and a menial establishment of 32 (against 25 in 1913-14 and 29 in 1924-25). In this connection it should also be remembered that in sub-paragraph (*i*) we have proposed the cancellation of certain schemes initiated or revived since 1924-25.

(*v*) Since the staff is recruited for work at Calcutta, the concession of compensatory and house-rent allowances should be abrogated. Out of the provision of Rs. 6,000 we estimate that about Rs. 5,000 will be saved.

The provision for travelling allowances may be reduced from Rs. 5,700 to Rs. 4,200, saving Rs. 1,500.

Under Contingencies the provisions of Rs. 2,000 for furniture and Rs. 4,500 for postage, etc., may be reduced so as to save Rs. 2,000. Curtailment of activities as proposed by us in sub-paragraph (*i*) will enable this saving to be effected without serious difficulty.

(*vi*) We agree that the Trade Journal should be maintained. It has, in a sense, been " self-supporting " for many years. But the heavy loss of one year of trade depression (1929-30) was enough to wipe out the " profits " (so-called) of the preceding three years. Though the accounts for 1930-31 are not available, the results are likely to be little better, perhaps worse, than

those for 1929-30. We observe that the "costing" ignores numerous important items of expenditure in commercial accounting. The questions of reducing the cost of production and increasing the price are under the Commerce Department's consideration. Hence all we need say is that a due share of all overhead and other expenditure, as understood in commercial accounting, should be included in the cost of production.

(*vii*) We cannot support the Commerce Department's decision to hold up the further progress of the scheme of special Indian trade commissionerships; commercial opinion is strongly in favour of the scheme and the benefit to India's trade through the direct trade relations, which the scheme will help to establish, will be adequate return for the expenditure involved. We urge that this scheme should be given priority over any of the schemes mentioned in sub-paragraph (*i*), if and when it is found feasible to enlarge the grant for this Department.

We have examined the scales of pay proposed for these posts. Except for New York, they appear to us unduly liberal. The officers to be appointed in the future and if possible even the officer selected for the Milan post should be put on the revised scales which may be fixed after an examination of the general question relating to pay, etc.

While we cannot give an estimate of the financial effects of this recommendation, it is clear that the 1932-33 budget will be reduced by Rs. 9,800, unless the training of the officer selected for Milan has to be continued or a new officer is selected for another trade commissionership.

(*viii*) Although we have for the present agreed to the Department's proposal to drop the scheme for internal trade statistics, we wish to make it clear that we have done so with considerable reluctance and only in view of the very difficult financial situation facing Government. We trust it will soon be possible for the Department to revive the scheme.

(7) *Summary of savings.*—On our proposals the immediate reduction of expenditure will be 2·86 and ·10 more when the officer selected for the trade commissionership at Milan is appointed to that post. So far as this grant is concerned, we have left out of account the additional expenditure which will be incurred when, *in pursuance of the present accepted policy*, effect is given to our proposal in paragraph 6 (*vii*).

CHAPTER X.

GRANT NO. 65.—CENSUS (33·89 lakhs).

(1) *Explanation of grant.*—The decennial census (enumeration) of India was duly carried out in March 1931. The post-enumeration work, *viz.*, the abstraction and compilation of statistical information is in progress and is expected to go on during 1932-33. The work is in charge of the Census Commissioner.

The total estimated cost is 58·55 lakhs. Of this ·27 lakh was incurred in 1929-30 and 14·22 lakhs was the revised estimate for 1930-31. The amount provided in the current budget is 33·89 lakhs (*i.e.*, 6·02 for superintendence, ·53 for enumeration, 25·75 for abstraction and compilation, ·53 for miscellaneous staff and 1·06 for printing and stationery). 10·17 lakhs was originally estimated for the completion of the census operations in 1932-33. This estimate is now 9·75 lakhs.

In April 1931 the Finance Department reduced the 1931-32 budget provision by 5·74 lakhs, but later agreed to reduce this figure to 2·11 lakhs. It now appears probable that in place of this 2·11 lakhs the actual reduction effected will be only about a lakh.

(2) *Proposals.*—(*i*) The Census Commissioner has told us that census work is well ahead of the programme and that compared with the last census substantial saving of time is expected. Since the operations started, he has agreed to omit certain forms. Thus, compared with the last census, this census is expected to be carried out cheaply and expeditiously. We agree that it will be false economy to insist on any reduction of expenditure which will cause delay in the completion of the operations.

(*ii*) We consider that a special pay of Rs. 500 for the Census Commissioner is excessive, but since the work is likely to be completed by the end of 1932-33 we refrain from proposing that it should be reduced. At the same time we would like a note to be made that in connection with future census operations the special pay should not be pitched so high.

(3) *Summary.*—The present estimate of 9·75 lakhs for 1932-33 may remain unaltered. Even then there will automatically be an improvement in the budget position of 1932-33 by about 24·14 lakhs.

CHAPTER XI.

GRANT NO. 66.—EMIGRATION—INTERNAL (·47 lakhs).

(1) *Explanation of grant.*—Under the existing constitution inter-provincial migration is a central subject, the administration of which rests mainly with Local Governments acting as the agents of the Government of India. Except in regard to migration to the eight labour districts of Assam, inter-provincial migration of labour in India is unrestricted. The law regulating migration applies at present to the following provinces—Madras, Bengal, United Provinces, Bihar and Orissa, Central Provinces and Assam. There are no restrictions on migration to Burma. But the Local Government have appointed (*i*) one of their officers (Director of Statistics and Labour Commissioner, Rangoon) to be the Protector of Immigrants and Emigrants, and (*ii*) also a whole-time Assistant Protector charged with the duty of seeing to it that deck passengers are not subjected to unnecessary hardships on arrival at, or departure from, Rangoon.

(2) *Organization and cost.*—The 1931-32 grant is Rs. 47,000. (*i*) Out of this, Rs. 6,000 represents the fixed contribution of Rs. 500 p. m. made by the Government of India towards the salary of the Chairman, Assam Labour Board. (*ii*) Administration and medical establishments in Assam cost Rs. 8,700 and Rs. 9,900 respectively, and other expenditure amounts to Rs. 4,100. On the other hand, the Assam Government make a contribution of Rs. 4,700 towards the cost (Rs. 8,700) of the administrative establishments. (*iii*) For Bengal there is a provision of Rs. 9,000 for two Assistant Superintendents of Emigration at Goalundo and Asansol, two Assistant Superintendents (non-gazetted) at Naihati and Kharagpur, a clerk, five servants and other expenditure. (*iv*) The provision of Rs. 1,000 for Madras only covers the pay and leave salary of two clerks. (*v*) Of the total provision of Rs. 13,000 for Burma, the Government of India's share of the cost of Protector is Rs. 4,000. The whole-time Assistant Protector of Immigrants and Emigrants costs Rs. 7,200. The rest of the Burma grant covers the pay of two servants, conveyance allowance of Rs. 600 and some miscellaneous expenditure.

(3) *Growth of expenditure.*—Expenditure on "internal emigration" has varied as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
·70*	1·00	·90	·53	·43	·47

*An approximate figure arrived at by a division of total expenditure on emigration—both internal and external—in the 1922-23 proportions.

(4) *Department's proposals.*—Originally the Department of Industries and Labour offered savings of Rs. 3,355. It is not easy to ascertain which portion of this offer represented permanent reduction of expenditure. Subsequently the Department offered a reduction of Rs. 15,800 mainly by omission of the current year's provision of Rs. 13,000 for internal emigration under Burma.

(5) *Our proposals.*—(*i*) As regards Burma, the entire position was reviewed by the Royal Commission on Labour. They found that the appointment of the Protector "apparently arose out of a temporary situation connected with the over-crowding of deck passengers". They considered the position unsatisfactory and recommended the appointment of a whole-time Protector with statutory powers to enter industrial establishments employing Indian

labour. Now that the Government appear to have taken their decision on this point, we recommend that the department's offer to save Rs. 13,000 under this head be accepted.

(*ii*) As regards Assam, the Government of India contribute Rs. 6,000 towards the pay of Chairman, Assam Labour Board. They also maintain certain administrative establishments in Assam (consisting of nine clerks and six servants) at a total cost of Rs. 8,400 *plus* Rs. 300. Even after deducting the Assam Government's contribution of Rs. 4,700, the amount which is to be met out of central revenues is Rs. 4,000, this being approximately equivalent to the pay of eight clerks at the rate of Rs. 40 per mensem. The medical staff consists of two sub-assistant surgeons and a compounder; they are employed at debarkation depots for emigrants at Gauhati and Tezpur. These depots passed nearly 60,000 and 5,000 emigrants respectively during the twelve months ending June 1930. Considering the disproportion between medical work at Gauhati and that at Tezpur, it may be possible to abolish the post of sub-assistant surgeon at Tezpur. The Assam Government may be called upon to make arrangements for medical inspection of steamers carrying emigrants, quarantine, disinfection, hospital for infectious diseases, rest houses for labourers and the arrangements for their feeding. In the absence of detailed information and the views of the Assam tea industry, we are not at present in a position to make a specific recommendation that the whole or any part of this cost should, on the analogy of the cess paid by that industry for the maintenance of the Assam Labour Board and its contribution towards the cost of the immigration hospital, be recovered from it. We propose that this question may be examined. For the present we are content to recommend the acceptance of the departmental offer to save Rs. 2,800 on the rest of the grant for internal emigration. We hope, however, that the reduction will not in any way weaken the vigilance exercised by Government in the interests of the welfare of the Indian labourer emigrating to Burma and Assam.

(6) *Summary of Savings.*—Rs. 15,800 = ·16 lakh.

CHAPTER XII.

GRANT No. 68.—JOINT STOCK COMPANIES (1·43 lakhs).

(1) *Functions and Organisation.*—This Department is charged with the performance of statutory duties under the Indian Companies Act (VII of 1913). Generally speaking, the Local Governments act as agents for the Government of India. Except for a Registrar and an Assistant Registrar for Bengal, a Registrar for Bombay, and an Assistant Registrar at Madras, no *officer* is paid direct by the Government of India. In most provinces, however, the Government of India maintain special *establishments* for this work. The following table sums up the present arrangements and their cost :—

Province.	Officers.		Establishments.		Allowances, etc.	Contingencies.	Payments to local Govts.	Total Expenditure.	Receipts.	Surplus (+) or Deficit (—).
	Number.	Cost.	Number.	Cost.						
Bengal	2	·21	23	·12	·001	·04	..	·37	1·00	+ ·63
Madras	1	·04	12	·09	·03	·01	·15	·32	·35	+ ·03
Bombay	1	·19	10	·10	·01	·08	..	·38	·35	— ·03
U. P.	..	..	6	·05	..	..	·09	·14	·10	— ·04
Punjab	..	·03	4	·03	·01	·01	..	·08	·16	+ ·08
Burma	..	..	3	·03	..	·02	·03	·08	·08	*Nil*
B. and O.	..	..	..	..	..	·01	..	·01	·04	+ ·03
C. P.	..	..	1	·03	·001	·042	..	·03	·03	*Nil*
Assam	..	..	1	·02	..	·003	..	·02	·05	+ ·03

(2) *Expenditure and receipts.*—Including charges and receipts in the minor administrations the expenditure and receipts of this department have been as below :—

	1921-22.	1924-25.	1926-27.	1929-30.	1931-32.
Expenditure	1·30	1·35*	1·44	1·29	1·43
Receipts	2·02	1·56	1·78	2·39	2·16

*Including arrears of ·09 and ·05 paid to Madras and Punjab.

The growth of expenditure is mainly due to the payment, since 1924-25, of establishment charges to the Government of Burma and to the accrual of normal increments.

For India as a whole, though not for each individual province, receipts have always exceeded the expenditure.

(3) *Departmental proposals.*—Commerce Department has proposed a saving of Rs. 7,130 including (*a*) Rs. 1,050 not required because this amount merely represents excess budget provision due to mere rounding off of figures for budget purposes and (*b*) Rs. 6,080, of which only a small portion is claimed to be of a permanent character. The department's view is that as the expenditure is at present more than covered by fees, it would be necessary to make a eduction in fees, if the expenditure were reduced to any considerable extent.

(4) *Our proposal.*—We do not share the department's view mentioned above. Since there always has been a surplus of receipts over expenditure, we see no reason why in the interests of their own financial position Government should not try to enlarge it. We understand that the Registrar at Bombay is a part-time officer, his other duty being that of Administrator-General, Bombay. His salary as Registrar is Rs. 1,200—50—1,800. In Bengal, on the other hand, the whole-time Registrar gets only Rs. 800—50—1,200. We cannot see the reason for this wide divergence between the Bombay and the Calcutta scales of pay, and recommend that the Bombay post should be placed on the Calcutta scale as soon as practicable. The saving will then be about Rs. 9,000.

(5) *Summary of savings.*—Rs. ·09 lakh.

CHAPTER XIII.

GRANT NO. 69.—MISCELLANEOUS DEPARTMENTS (6·57 lakhs).

(1) The following portions of this grant for which provisions exist in the 1931-32 budget were not dealt with in the first part of our Interim Report, *viz.* :—

B.—Examinations.

D.—Controller of Patents and Designs.

E.—Actuary to the Government of India.

G.—Miscellaneous—Bushire Coal Depot.

I.—Courts of Enquiry and Boards of Conciliation constituted under the Trade Disputes Act, 1929.

We shall now deal with these *seriatim*.

B.—*Examinations.*

(2) The total provision for 1931-32 is Rs. 69,100 and is accounted for as follows :—

(I) India—Public Service Commission (Rs. 64,000) and India—Bengal (Rs. 100). (II) Madras (Rs. 1,000). (III) Bombay (Rs. 1,000). (IV) United Provinces (Rs. 1,000). (V) Punjab (Rs. 1,000). (VI) Burma (Rs. 1,000).

The provisions shown against the provinces are intended to meet the travelling allowance of the members of the Selection Committees and contingent expenditure in connection with the examination for recruitment to the Indian Police Service in India.

(3) A permanent reduction of Rs. 14,000 has been offered by Home Department and we recommend its acceptance. In this connection our observations on the grant for the Public Service Commission may be seen.

D.—*Controller of Patents and Designs.*

(4) *Functions.*—This office is a statutory institution under section 55 (1) of the Indian Patents and Designs Act of 1911. Its principal function is to examine applications for patents in accordance with the provisions of Section 5 of that Act. Fees are charged for the service rendered to the public.

(5) *Organisation.*—The office is manned by seven officers, *viz.*, a Controller (pay, Rs. 1,000—50—1,500) and six Examiners (pay, Rs. 300—25—800). The establishments consist of a Superintendent, 21 clerks and 17 servants.

The Controller gets a compensatory allowance of Rs. 100 per mensem and one of the Examiners gets a special pay of Rs. 100 per mensem.

(6) *Cost and its growth.*—Of the total 1931-32 provision of Rs. 98,200, the pay of officers and establishments absorb Rs. 44,200 and Rs. 39,100 respectively. The other provisions are Rs. 900 for travelling allowance, Rs. 1,200 for compensatory allowance to the Controller, Rs. 7,000 for the printing up of specifications and Rs. 5,800 for contingencies.

The following tables show the growth of (*a*) receipts and expenditure, and of (*b*) staff, (*c*) scales of pay and (*d*) expenditure on the detailed heads. An analysis of the principal reasons for the growth of expenditure has also been given—

(*a*) *Receipts and expenditure.*

	1914.	1922.	1924.	1926.	1927.	1928.	1929.	1930.	1931.
Receipts . . .	·75	1·39	1·30	1·49	1·58	1·78	2·04	2·05	2·10
Expenditure . . .	·40	·50	·50	·64	·64	·74	·83	1·03	·98
Net Profit . .	·35	·81	·80	·85	·94	1·04	1·21	1·02	1·12

(*b*) *Growth of staff.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Controller . .	1	1	1	1	1	1
Examiners . .	*Nil*	2*	3*	3	6	6
Ministerial . .	7	10	12	14	22	22
Servants . .	7	11	12	13	17	17

*They were then called Assistant Examiners.

(*c*) *Scales of pay of officers.*

	1913-14.	1924-25.	1930-31.	1931-32.
Controller . .	1,400—1,800	750—50—1,200	1,000—1,500	1,000—1,500
Examiners . .	*Nil*	300—750	250—750	300—25—800

(*d*) *Expenditure* (*in lakhs*) *under detailed heads.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Pay of officers .	·40	·24	·41	·26	·36	·44
Pay of establishments		·22		·33	·38	·39
Allowances . .		·01		·02	·02	·02
Printing charges .		·06	·05	·24	·28	·07
Contingencies .		·05	·04	·06	·08	·06
Total gross expenditure. . .	·40	·58	·50	·90	1·12	·98

It will be seen that the principal reasons for the recent growth of expenditure (against which there has been a growth of receipts also) is the growth of staff necessitated by an increase in the number of applications and the decision to tighten up the procedure relating to the examination of applications so as to bring it into line with British procedure. The scales of pay for the officers

were also revised. We must also observe that in the light of the actuals of previous years, we fear the actual expenditure on printing will perhaps exceed the budget provision of Rs. 7,000.

(7) *Departmental proposals.*—The Department of Industries and Labour claims that this office was never intended to be a revenue-earning office. Hence, no savings were at first offered. Subsequently however it offered to keep the 1932-33 budget down to the 1931-32 level in spite of the inevitable growth due to the accrual of annual increments. This amounts to an offer to effect a saving of Rs. 3,025.

(8) *Our proposals.*—(*i*) We do not accept the department's claim that this office was never intended to be a source of revenue. The figures given in table (*a*) above show that there has always been a net surplus. We do not see why the surplus should not be made as large as possible without raising the fees charged to the public. We may here add that the full cost (including pensionary charges) are not included in the figures given above.

(*ii*) We see no reason why the compensatory allowance of Rs. 100 p. m. to the Controller, which was sanctioned in 1926 when the Controller's pay was on the scale of Rs. 750—50—1,200, should be continued. The Controller's scale of pay was only recently substantially raised and on 1st April 1932 his actual pay will be Rs. 1,100. The entire staff is recruited for work at Calcutta and therefore the cost of living at Calcutta is not quite a relevant argument. In our opinion this allowance should be abrogated.

(*iii*) Similarly we see no reason why one of the Examiners should get a special pay of Rs. 100 p. m. Their scales of pay were also raised only recently. We observe that the special pay was granted in lieu of the creation of a post of Assistant Controller. We cannot accept this as a valid ground and can see no justification whatever for it. In our opinion it should be abrogated.

(*iv*) We further hold that the staff has grown with undue rapidity even after making allowance for the increased work resulting from the recent amendment of the law. We think the number of officers, clerks and servants can all be reduced to a certain extent without prejudice to the service rendered to the public. The department agrees that one officer's post can perhaps be reduced, and we propose that it should be reduced. Saving will be about Rs. 5,000. We have examined the department's case in justification of the existing number of servants and have not found it altogether convincing. We propose that two clerical posts and two posts of servants should be abolished. On these proposals the savings will be Rs. 3,000 and Rs. 400 respectively.

(*v*) Contingencies should be reduced by ten per cent., saving Rs. 580.

(9) *Summary of savings.*—On our proposals the total reduction of expenditure will be Rs. 11,380 or say ·11 lakh.

E.—*Actuary to the Government of India.*

(10) *Function and Organisation.*—The Actuary's function is to do actuarial work on behalf of the Government of India in relation to postal and other departments and in connection with the administration of the Indian Life Assurance Companies Act (VI of 1912) and the Indian Insurance Companies Act (XX of 1928). The office consists of an Actuary (pay, Rs. 1,300) and an Assistant Actuary of non-gazetted status (pay, Rs. 300).

The ministerial and other establishment forms a part of the Commerce Department.

(11) *Expenditure.*—The scales of pay for officers and total expenditure on the Actuary's office have varied as below :—

	1913-14.	1921-22.	1924-25.	1929-30.	1931-32.
		(a) Scales of pay.			
Actuary	1,750	2,000	2,000	2,000	1,300
Assistant Actuary . . .	*Nil*	500	500—550	300	300
		(b) Expenditure.			
(*i*) Pay of Officers . . .	·20	·24	·30	·31	·15
(*ii*) Pay of establishment .	..	·06	..	·01	·04
(*iii*) Other charges . . .	·01	·02	·02	·01	·02

(12) *Proposals.*—(*i*) No reduction has been proposed by the Actuary or the Commerce Department. Considering that the budget of Rs. 20,900 consists of Rs. 19,100 for the pay of the Actuary and his Assistant, and Rs. 800 for travelling and Rs. 1,000 for hill-journey allowances, there is very little scope for retrenchment.

(*ii*) We have considered the question whether the Assistant Actuary should be retained. Our conclusion is that his post cannot be abolished.

(*iii*) In our opinion, however, the Actuary's office should be located at Delhi along with the Commerce Department or a part of it. His duties do not appear to us to render it necessary that his office should move up and down with the Government of India. This will yield a saving of Rs. 1,000.

G.—*Bushire Coal Depôt.*

(13) The recoveries, *viz.*, Rs. 2,000, exceed the expenditure (Rs. 400 pay of Tindal and Rs. 700 for rent of godowns) by Rs. 800. We have no proposals to make.

I.—*Courts of Enquiry and Boards of Conciliation.*

(14) *Explanation.*—The 1931-32 provision is only Rs. 500, *viz.*, Rs. 300 for allowances and Rs. 200 for other charges. The actual expenditure in 1929-30 was Rs. 6,643, *viz.*, Rs. 3,585 for "officers", Rs. 981 for establishments, Rs. 1,536 for allowances and Rs. 541 for other charges. The budget for 1930-31 was Rs. 10,000.

When such a body is set up, fees and travelling allowances for the Chairman and members, expenses for witnesses and the cost of the establishment are found by Government. Whether it will be necessary to set up a Court of Enquiry or a Board of Conciliation in 1932-33 and subsequent years cannot be known beforehand. Hence, the only question we could usefully investigate was whether any modification of the terms on which the members are appointed to serve on such bodies is needed. We have been informed that there is no hard and fast rule governing such terms. In the past no Court of Enquiry was set up, but in 1929-30 one Board of Conciliation was appointed. Its Chairman

was a retired judge of the Calcutta High Court and he was given Rs. 50 per diem. A daily allowance of Rs. 15 was paid to each of the other two members nominated by the parties to the dispute.

(15) *Proposals.*—We do not know the terms on which the members of the recently constituted court of enquiry into the dispute between the Railway Board and the All-India Railwaymen's Federation over the question of staff retrenchment have been appointed. But, judging by the terms on which the members of the Board of Conciliation constituted in 1929-30 were appointed, we have no proposals to make.

Summary of savings on the grant.

(16) On our proposals relating to items B, D, E, G, and I of this grant, the savings will be ·26 lakh as below :—

Rs.	
14,000	—B.—Examinations.
11,380	—D.—Patents and Designs.
1,000	—E.—Actuary.
Nil	—G.—Bushire Coal Depôt.
Nil	—I.—Courts of Enquiry and Boards of Conciliation.
26,380	

CHAPTER XIV.

GRANT NO. 71.—CURRENCY (50·25 lakhs).

(1) *Explanation of grant.*—This grant of 50·25 lakhs may be set out as follows :—

(*i*) Controller of Currency and the two Deputy Controllers at Bombay and Calcutta and their offices . . .	4·22
(*ii*) Reserve for temporary establishment . . .	1·00
(*iii*) Cost of currency note forms	17·80
(*iv*) Cost of maintaining the seven currency offices . .	16·82
(*v*) Currency Note Press	·03
(*vi*) Remittance of Treasure [Railway freight (4·33), police escorts (1·69), other charges (4·22)]	10·24
(*vii*) Works	·13
(*viii*) English charges on stores	·01

(2) *Functions.*—The Currency Department is charged with the

(*i*) purchase, sale, import and export of silver and purchase and export of gold for Government,

(*ii*) issue and sale of treasury bills and telegraphic transfers on London and remittances to the Secretary of State,

(*iii*) watching of treasury balances and Government reserves and their distribution,

(*iv*) issue and sale of Government loans,

(*v*) questions relating to currency notes,

(*vi*) remittance of treasure, and

(*vii*) withdrawal of coin.

(3) *Organisation and cost.*—(*a*) The Controller's Office at Calcutta consists of the Controller (pay, Rs. 3,000—3,500), a Deputy Controller (pay, Rs. 1,500—1,800) and a Personal Assistant to the Controller (pay, Rs. 650). The establishment numbers 86.

The Bombay office is in charge of a Deputy Controller whose duties are more responsible than those of the Deputy at Calcutta and include those of a local intelligence officer. His pay is Rs. 2,000—2,500. He is assisted by an Assistant Currency Officer (pay, Rs. 500—850) and an establish ment of 30.

The cost of these two controlling offices is as below :—

	Officers.	Establishments.	Allowances.	Contingencies.	Total.
Calcutta . .	·74	1·60	·25	·42	3·01
Bombay . .	·40	·47	·15	·19	1·21

(*b*) There are in all seven Currency Offices, each in charge of a Currency Officer. Their staff and cost are as follows :—

	Calcutta.	Bombay.	Madras.	Rangoon.	Lahore.	Cawnpore.	Karachi.	Total.
Number of Officers . .	1+2	1+2*	1	1	1+1	1+1	1	7+6
Number of Establishments†	538	258	170	134	123	107	37	1,367
Total cost (lakhs)	6·03	3·46	1·93	1·91	1·49	1·41	·59	16·82

In the currency offices the strength of the establishment on the treasurer's side is determined automatically.

(4) *Growth of expenditure.*—Comparison with the figures of previous years is vitiated by many factors, as the following illustrative table in which certain items included in the totals are separately shown :—

	1913-14.	1924-25.	1929-30.	1931-32.
Total expenditure	35·64	57·49	44·18	50·25
Stores	18·94	21·54	8·87	·01
Press	*Nil*	*Nil*	4·58	·03
Currency note forms	*Nil*	*Nil*	*Nil*	17·80
Remainder	16·70	35·95	30·73	32·45

If these items with their violent fluctuations due to changes of policy (*e.g.*, the decision to manufacture currency notes in India) or of methods are excluded, the figures (last line of the above table) would give a better idea of the growth of expenditure. A still more reliable comparison can be made with the help of the figures of expenditure on certain selected items in respect of which policy or methods have not changed much. These are—

	1921-22.	1924-25.	1929-30.	1931-32.
(*i*) Controller, Deputies and their offices .	3·41	3·78	3·82	5·22‡
(*ii*) Currency Offices	16·35	15·41	17·30	16·82
(*iii*) Remittance of Treasure . . .	7·40	8·01	9·73	10·24
(*iv*) Contingencies	·64	1·44§	1·74	1·70

It should, however, be noted that the one-rupee note the handling of which had resulted in a very large increase of work in the currency offices was discontinued in 1926 and that since 13th June 1931 notes of the Rs. 500 and Rs. 1,000 denominations are universal.

(5) *Departmental proposals for economy.*—Neither the Controller nor the Finance Department at first offered any permanent retrenchment. But, later the department decided to give a trial to the re-issue of at least 25 per cent. of old notes received in the Currency offices. Uptil now the practice has been

*Issue Officer and Coin Officer.

†*Viz.*, Treasurers, superintendents, caretakers, tellers, shroffs, stenographers, clerks, etc.

‡Includes 1·00 as reserve for temporary establishment.

§This figure is approximate.

to issue only unissued notes. The financial effect of this change of practice is expected to be as below (savings are shown as +) :—

(*i*) Saving in the cost of new note forms	+4·45
(*ii*) Cost of 82 men owing to a net reduction in the rate of examination	—·95
(*iii*) Saving in sorting, listing, etc.	+·10
(*iv*) *Deduct* for disappearance of present profit from manufacture of note forms owing to smaller outturn	—2·00
Net Total	+1·60

At a later stage of our enquiry, however, Finance Department offered to effect the following economies on the " average cost " basis, *viz.* :—

	Savings. Rs.
(*a*) Abolition of the posts of 1 Assistant Superintendent and 4 clerks in the office of the Controller of the Currency, Calcutta	16,200
(*b*) Abolition of the post of the Assistant Currency Officer at Cawnpore by retiring the seniormost Assistant Currency Officer	8,160
(*c*) Abolition of the post of a clerk on the Treasurer's branch of the Cawnpore Currency Office	900
(*d*) Abolition of the post of a clerk on the general branch of the Cawnpore Currency office	900
(*e*) Abolition of the post of a clerk in the Treasurer's branch of the Lahore Currency Office	900
(*f*) Abolition of the post of 1 Assistant Treasurer, 2 Tellers, 21 clerks and 5 shroffs on the Treasurer's branch of the Calcutta Currency Office	37,000
(*g*) Abolition of 4 posts of clerks on the general branch of the Calcutta Currency Office	5,000
(*h*) Abolition of the posts of 1 Assistant Superintendent, 6 clerks and 1 peon on the general branch of the Madras Currency Office	3,688
(*i*) Abolition of the posts of 2 Assistant Treasurers, 1 Teller and 8 Note Examiners on the Treasurer's branch of the Madras Currency Office	14,508
(*j*) Abolition of the post of 2 shroffs in the Rangoon Currency office (lying vacant for a long time)	..
(*k*) Reduction from the whole-time Currency Officer to a half-time Currency Officer (Rangoon)	4,800
(*l*) Abolition of the post of 4 clerks on the general branch of the Bombay Currency office lying vacant for a long time	..
(*m*) Abolition of 1 post of clerk on the general branch of the Bombay Currency Office, which has recently fallen vacant	1,200
(*n*) Abolition of 3 posts of clerks on the Treasurer's branch of the Bombay Currency Office	3,600
(*o*) Abolition of the post of 1 Assistant Superintendent on the general branch of the Bombay Currency Office	2,400
(*p*) Abolition of the post of 1 clerk on the Treasurer's branch of the Karachi Currency Office	960
(*q*) Abolition of the post of two clerks and one peon of the office of the Deputy Controller of the Currency, Bombay	3,540
(*r*) Lump provision in the Controller of the Currency's budget for temporary establishment	50,000
(*s*) Reduction of the rent payable to Imperial Bank of India on account of Deputy Controller of the Currency, Bombay's office accommodation	900
(*t*) Non-acceptance of house-rent allowance by Mr. Shankar Rau as Deputy Controller of the Currency, Bombay	..
(*u*) Non-acceptance of the full rate of house rent allowance by the Assistant Currency Officer attached to the office of the Deputy Controller of the Currency, Bombay.	700
Total	1,60.426

(6) *Proposals.*—(*i*) We recommend that Finance Department's offer be accepted. But we observe that the savings on establishments as calculated by them are on the " average cost " and not the " immediate reduction " basis. We assume that the budgetary position for 1932-33 will improve by approximately the same amount as the saving offered and further by the saving of 1·60 lakhs on the re-issue of currency notes. In this connection we repeat our general recommendation that no house-rent and compensatory allowances should be paid to staff that is recruited for work at a particular station even if it be an expensive one. In the course of its oral evidence Finance Department told us that since these allowances form part of a general scheme sanctioned in 1924 they can be abolished, provided they are abolished for all. For the present, however, we have adopted a general principle the scope of which is limited to staffs recruited for local work or work at only expensive stations. Such allowances should therefore be abrogated. Further, we think house-rent should be charged on the usual lines for all residential accommodation provided by Government in conjunction with the currency offices, whether to officers or to establishments.

(*ii*) The departmental offer does not contemplate any reduction of the number of currency offices or officers. We agree that the number of currency offices should not be reduced. In our opinion, however, the Calcutta staff, *viz.*, one Controller, one Deputy Controller and one Personal Assistant for headquarters and one Currency officer and two Assistant Currency officers, in all six, is excessive, and we recommend the abolition of one post of Assistant Currency Officer or its equivalent. This will yield a saving of ·09 lakh.

(*iii*) (*a*) The departmental proposal takes account of the estimated saving of 4·45 lakhs in the cost of new note forms ; hence we make no proposal in regard to the provision of 17·80 lakhs in the 1931-32 budget.

In this connection we also invite attention to Chapter V, particularly to para. (5) thereof.

(7) *Summary of savings.*—On our proposals the reduction of this grant will amount to 3·30 lakhs *plus* the saving from our proposal in sub-paragraph (*i*) regarding house-rent and other allowances. We are not in a position to give a precise estimate of the latter.

CHAPTER XV.

GRANT NO. 72.—MINT (27·72 lakhs).

(1) *Explanation of the grant.*—The budget provision of 27·72 lakhs includes 7·30 for the Calcutta Mint, 7·99 for the Bombay Mint, 8·60 for loss on coinage, 2·79 for the purchase of local and 1·04 for that of English stores. There is also a provision of £3,000 for sterling overseas pay and leave salaries.

The budget for each mint may be analysed as below :—

	Ordinary establishments.				Operative establishments.		
	Officers.	Mint.	Bullion.	Assay	Permanent.	Extra.	Allowances.
Calcutta . .	·65	·637	·345	..	·65	2·40	·085
Bombay . .	·78*	·522	·655	·25	1·005	1·30	1·033
Total .	1·43	1·159	1·000	·25	1·655	3·70	1·118

	Supplies and Services.	Rent, etc.	Contingencies.	Local Stores.	Total.
Calcutta . .	·022	1·976†	·535	1·25	8·55
Bombay . .	·141	..	2·297	1·54	9·53
Total .	·163	1·976	2·832	2·79	18·08

*Includes ·45 for Assay Office.

†Includes 1·562 for rent for accommodation supplied by the Public Works Department.

(2) *Organisation.*—Each Mint is in charge of a Mint Master (pay, Rs. 2,000—200—3,000 *plus* O. P. £ 13-6-8). There is also a Deputy Mint-Master (Rs. 1,000—1,500 *plus* O. P. £13-6-8), who is utilised as a leave reservist wherever wanted. An Artist-Engraver (Rs. 750—1,000) is also employed at Calcutta; he works for both the Mints. The permanent establishments number 83 at Calcutta and 89 at Bombay.

The Assay Office is maintained at Bombay and is manned by an Assay Master (Rs. 1,400—1,800 *plus* O. P. £13-6-8) and two Deputies (Rs. 600—1,200). The Assay office establishment consists of 4 clerks and 29 servants.

Compensatory and house-rent allowances are granted to the staff under the usual scheme. In Calcutta rent-free quarters are available for many members of the staff whereas in Bombay house-rent allowances are paid.

(3) *Expenditure, receipts and net revenue—*

(*i*) *Expenditure—*	1913-14.	1921-22.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
Establishments, etc., at Calcutta . . .	4·20	3·17	3·36	4·87	7·18	6·75	7·30
Establishments, etc., at Bombay . . .	4·15	4·57	7·80	5·44	7·67	8·35	7·99
Loss on Coinage . .	7·57	6·30	·82	10·42	9·86	30·07	8·60
Purchase of local Stores .	2·38	1·91	1·60	2·13	3·87	3·20	2·79
Works . . .	..	..	..	2·79	..	..	..
English stores and other charges and loss on exchange . . .	1·59	·79	·34	3·14	1·19	1·11	1·4
Total . .	19·89	16·74	13·92	28·79	29·77	49·48	28·13
(*ii*) Revenue from Mints.	50·98	14·89	41·77	43·70	26·07	4·81	4·56
(*iii*) Net revenue .	31·09	—1·85	27·85	14·91	—3·70	—44·67	—23·57

As in the case of Currency, the variations of expenditure are to some extent due to changes of policy and methods. Three principal new factors have been in operation since 1924-25. Firstly, the Bombay Mint was closed to coinage and all coinage work was transferred to Calcutta. Secondly, an electrolytic refinery was erected at Bombay to refine silver. Thirdly, to feed that refinery rupees of the mintage 1862-74 were declared uncurrent.

The principal reasons for increased expenditure at Calcutta are the accrual of increments, revision of the pay of establishments, raising of Artist-Engraver's post to gazetted status in 1926-27, growth of work due to concentration of coinage at Calcutta and to larger demand for small coin.

The increase of expenditure at Bombay was caused by the revision of the pay of the mint and the bullion establishments, accrual of increments, increased house-rent and overtime allowances.

The following illustrative table will help to show the important items where increased expenditure can be brought under scrutiny for purposes of permanent retrenchment.

	1913-14.		1921-22.		1924-25.		1929-30.		1931-32.	
	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.
Number of Officers .	..	..	4	3	2	3	2	5	2	4
Number of permanent establishments	92	162	87	111	84	118	83	114	83	112
Pay of Officers .	·85	·78	·52	·72	·32	·70	·47	·81	·65	·78
Pay of permanent establishments .	·42	·52	·92	1·11	·78	1·27	·94	1·28	·99	1·44
Cost of Operative establishments .	2·43	1·98	1·44	2·03	1·62	2·18	2·94	2·26	3·05	2·31
Allowances, Honoraria, Rent, etc. .	·50	·87	·63	·69	1·12	·65	2·83	3·32	2·63	3·47

(4) *Department's proposals.*—Finance Department has offered to effect permanent savings of 2·42 lakhs as below :—

	Savings.
Calcutta Mint—	Rs.
(*a*) Discharge of 1 Engineer and 2 Assistant Melters .	10,400
(*b*) Abolition of the post of 1 Engineer on the retirement of the Head Engineer	5,000
(*c*) Abolition of the posts of 1 Engineer, 1 Melter, 3 Assistant Bullion Keepers, 1 peon, 1 Barkandaz which are lying vacant and for which no budget provision exists	*Nil*
(*d*) Extra establishment and extra hours' pay . .	1,00,000
(*e*) Purchase of stores	75,000
Bombay Mint—	
(*f*) Abolition of the post of Assay Master . . .	21,600 *plus* 5,600 for house allowance.
(*g*) Abolition of 2 posts of Engineers, one of which, we observe, was created with effect from 1931-32 .	10,000 *plus* 2,000 for house rent.
(*h*) Abolition of the post of Artist Engraver and 14 Policemen lying vacant for a long time and for which no budget provision exists . . .	*Nil*
(*i*) Temporary establishment	11,800
(*j*) Abolition of the posts of a clerk and a peon on the amalgamation of the Assay Office with the Bombay Mint	1,080
Total .	2,42,800

But we observe that these savings have been calculated on the " average cost " and not " immediate reduction " basis.

(5) *Our proposals.*—(*i*) We recommend the acceptance of Finance Department's offer. We do not consider that the closing down of either Mint will yield financial advantages (*viz.*, a saving of only about ·68 lakh) commensurate with the risk involved.

(*ii*) In addition to these savings we hold that since the Mint staff is recruited for local work at Calcutta or Bombay, no local compensatory or house-rent allowances should be paid. We have applied this principle to other departments also. Further, rent on the usual lines should be charged for residential accommodation provided at Government expense whether to officers or to establishments We understand that the provision of free Government accommodation is the rule at Calcutta. In this respect conditions at Bombay and Calcutta should be assimilated, a charge for housing being reckoned as approximately the equivalent of the abrogation of house-rent allowances, at any rate in the case of officers.

(*iii*) At Calcutta there is a post of Artist—Engraver on Rs. 750—50—1,000 ; the incumbent of it was brought out from London and has reached the maximum of the scale. He works for both the Mints. There are some posts of engravers at the Nasik Security Printing Press also and we are not at all sure that the services of the Nasik staff cannot be utilised for mint work. We have been told by the Finance Department that this post is maintained for other miscellaneous work, *e.g.*, designing and engraving army and other medals, etc. Further, we might add that the post used to be of non-gazetted status upto 1925-26.

We were told in the course of the oral evidence that the Mint Master at Calcutta had tried to train up an Indian for this post but had failed. We may agree with the view that the artist-engraver's work is specialised and requires actual practice in die-engraving, but we cannot possibly endorse the implication of the Mint Master's conclusion that he had failed in his attempt to train up an Indian. Engraving and artistic work in general is one of those lines of work in which, in our opinion, it will be hard to beat Indians. The Bengal School of Art at Calcutta has now acquired an international reputation, and there are many other art schools all over India. It is within the personal experience of many of us that quite a lot of high class engraving work is done by private firms all over India. Our proposal therefore is that a promising Indian be recruited to serve as an under-study and the Artist-Engraver's gazetted post be abolished as early as practicable. This should yield a saving of Rs. 12,000 *minus* the pay fixed *de novo* for the non-gazetted post on a substantially lower scale of pay which will take its place. For the present we leave this saving out of our calculation.

(*iv*) We see no appreciable evidence of any genuine effort to Indianise the higher ranks. The adoption of such a policy will tend to reduce expenditure, and we urge that steps be taken to bring it about.

(6) *Summary of Savings.*—2·50 lakhs. In addition, it should be possible to effect a further reduction of, say, ·09 (on the Artist—Engraver's post) in the near future.

CHAPTER XVI.

GRANT No. 76.—MISCELLANEOUS (35·11 lakhs).

We shall deal, *seriatim*, with the various sub-heads of this grant.

A.—*Allowances, Rewards, etc.*

(1) *Explanation of grant.*—Of the provision of Rs. 31,800 under this grant Rs. 19,700 is for miscellaneous *Durbar* charges (including Rs. 600 for the cost of Aggamahapandita seals). The rest is for other charges, mainly the annual stipends to holders of literary titles (*e.g.*, Mahamahopadhyaya, Shams-ul-ulema and Aggamahapandita) and is distributed as follows :—

Madras (Rs. 1,000), Bombay (Rs. 500), Bengal (Rs. 2,700), United Provinces (Rs. 1,800), Punjab (Rs. 400), Burma (Rs. 4,100), Bihar and Orissa (Rs. 1,000), Central Provinces (Rs. 500), and Assam (Rs. 100).

The actual expenditure on " other charges " in 1928-29 and 1929-30 was Rs. 13,295 and Rs. 9,973 respectively.

(2) *Proposals.*—(*a*) As regards the miscellaneous *Durbar* charges, we observe that the Foreign and Political Department, at first proposed a reduction of Rs. 1,500, but it has since intimated that an extra grant is likely to be needed. We would reduce the provision for 1932-33 to the level of the actuals of 1929-30, *i.e.*, to Rs. 13,000 and trust that expenditure will be kept down as far as practicable. The reduction of expenditure for the 1932-33 budget will be Rs. 6,700.

(*b*) The rates of stipends to holders of literary titles are so low that no reduction is possible.

B.—*Books and periodicals.*

(3) *Explanation of the grant.*—This grant consists of two items :—

(*i*) Rs. 74,200 for subscriptions to news agencies (Reuters, Limited, and Indian News Agency) for the supply of telegrams, and

(*ii*) Rs. 6,400 for the supply of books and periodicals to the India Office and the High Commissioner by the Local Governments as agents for the central Government. The provisions are Rs. 1,400 for Madras, Rs. 1,800 for Bombay, Rs. 1,300 for Bengal, Rs. 1,000 for the United Provinces, Rs. 800 for the Punjab and Rs. 100 for Burma.

The provisions for subscriptions to Reuters, Limited, and the Indian News Agency are Rs. 55,200 and Rs. 19,000 respectively. The telegrams are supplied to selected officials with the object of enabling them to get news earlier than is possible to get from the newspapers, especially at Simla where there is no local newspaper with an efficient news service.

In the case of Reuters, Limited, Government make a fixed payment for their news service. The news so supplied is distributed to Government officials.*

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* List is given in Appendices 8 to 11 of the Posts and Telegraphs Manual, Volume XI, Part III.

No annual grant is made to the Indian News Agency, but their telegrams are paid for on ordinary commercial terms, *viz.*, Rs. 30 per mensem per copy. There is no obligation to take any particular number. The number taken in 1911 was 47 but it included copies for officers belonging to departments which have since been classified as " commercial ", *i.e.*, Railways, Posts and Telegraphs and Army Headquarters. Since 1929 these departments pay separately for such telegrams. The number of copies taken by the non-commercial departments was 38 in 1929 and 48 in 1930.

(4) *Proposals.*—(*i*) The case of Messrs Reuters, Ltd., presents some difficulty, since the payment made at present (Rs. 55,200) is a lump payment. We have been informed that Government hope to be able to make a reduction. The payment amounts, in effect, to a partial subsidy and we consider that it should be possible to bring down the amount to Rs. 44,200, saving Rs. 10,000.

(*ii*) As regards the service of the Indian News Agency it is proposed to take a smaller number of copies in future, and thus to reduce the cost from Rs. 19,000 to Rs. 13,000. Government hold that no change can be made as regards the Chief Commissioners of Ajmer-Merwara and Andaman-Nicobar Islands and certain officers of the Foreign and Political Department. As regards officials at headquarters, orders have recently been issued cutting down the list, the principle followed being to confine the list to those to whom the telegrams give important help in the discharge of their official duties.

We have scrutinised the list, and hold that it is possible to reduce the number still further. We do not see why it should not be possible to make one copy serve the various secretariat officers in the same office at headquarters. But, for the present we are content to recommend the acceptance of the saving of Rs. 6,000 as offered by the department.

(*iii*) As regards the supply of books and periodicals to the India Office and the High Commissioner we have no proposal to make.

(*iv*) The reduction of expenditure on this head will thus be ·16 lakh.

C.—*Charitable donations and European vagrancy.*

(5) *Explanation of grant.*—The provision for donations for charitable purposes is Rs. 12,800 and for charges on account of European vagrancy Rs. 2,500 including Rs. 1,500 in Madras for subsistence allowances to seamen in distress. The former provision is largely for the repatriation of destitute Indians, mostly pilgrims who get stranded for various reasons, from abroad.

(6) *Proposals.*—We observe that the repatriation rules provide for the repatriate's return to India by the shortest and the cheapest route and for his undertaking to repay the cost of his repatriation and measures to enforce the undertaking. Since every country is responsible for the repatriation of its own destitute nationals, there is not much scope for the reduction of this provision, even though we observe that Commerce Department has offered a small reduction.

We cannot ascertain the actual expenditure on account of European vagrancy. All that we can propose is that Government should issue suitable instructions to ensure that no expenditure is unnecessarily incurred on account of the vagrancy or repatriation of the nationals of foreign states, and that if any expenditure has to be incurred, attempts should be made to recover it, wherever practicable.

D.—*Special commissions of enquiry.*

(*a*) Tariff Board.

(7) *Functions.*—The Tariff Board was set up in accordance with the recommendations of the Fiscal Commission. It is employed on scientific enquiries committed to it from time to time, mainly in pursuance of the accepted policy of discriminating protection of Indian industries. Some of these are prescribed by statute, *e.g.*, the Steel enquiry due to come off in 1933-34 ; the majority are *ad hoc* enquiries.

(8) *Organization.*—The Board consists of a Chairman (pay, Rs. 4,000) and two Members (Rs. 3,000 per mensem each). There is also a Secretary drawing pay on the senior I. C. S. scale and a special pay of Rs. 200. Provision is also made for an expert adviser (on Rs. 3,000 per mensem) for six months.

(9) *Growth of cost.*—The following table shows the growth of expenditure since the Board was set up in 1923-24 :—

	1923-24 (part).	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers and passage contributions				2·79	1·18	1·20	1·49	1·18	1·57
Pay of establishments	1·52	1·93	1·60		·19	·19	·21	·21	·22
Travelling allowances				·49	·28	·30	·31	·29	·29
Other expenses				·51	·22	·25	·23	·24	·24
Total	1·52	1·93	·160	3·79*	1·87	1·94	2·24	1·92	2·32

(10) *Departmental proposals.*—The Commerce Department at first offered a saving of Rs. 8,000 under " Pay of Officers". But, it was in the nature of a windfall and not of a permanent character. The question of reducing the Board's expenditure on travelling expenses was under the Commerce Department's consideration in consultation with the Finance Department, but the department considered it unlikely that any appreciable reduction could be made under that head. It offered a temporary lump reduction of Rs. 2,000 out of the provision for " all other expenses ".

Subsequently, however, Commerce Department, in the course of the oral evidence given by its representative, gave us to understand that by the end of February 1932 the enquiries so far entrusted or to be entrusted to the Tariff Board will have been disposed of and that apart from the cotton textile enquiry, which is due for 1932-33 and the statutory steel enquiry which is due for 1933-34 the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future. We were also told that the cotton textile enquiry may not even take place.

(11) *Proposals.*—(*i*) We greatly appreciate the valuable services rendered by the Tariff Board to the industrial interests of India. In view of the gravity of the financial situation, however, we have taken into consideration a suggestion that the Tariff Board might be suspended for about a year. Our view is that any such recommendation by us is likely to give rise to considerable misgiving, especially if an enquiry into the cotton textile industry does not take

* Includes Cotton Textile enquiry.

place during 1932-33. It is true that in consequence of financial stringency the import duty on cotton textiles has been increased on two occasions, once at the budget session of the Legislature last March and again by the supplementary finance bill recently " certified". But these duties are in the nature of revenue duties and are liable to be reduced whenever Government should consider that their financial position warrants their doing so. The difference between the purpose of a protective and a revenue duty must not be overlooked. The enquiry into the amount of protection required for the textile industry during subsequent years has to be made in 1932-33. If the revenue duties are higher than the protective duties accepted by Government as a result of the enquiry made by the Tariff Board, the former can be reduced to the protective level if the financial position of the Government of India admits of it. The protective duty, however, must continue for such period as may be determined by the 1932-33 enquiry. We are not therefore in a position to hold that the cotton textile enquiry need not be held during 1932-33. Further, it cannot be said with any certainty that there will be no application for protection during the next year. The present revenue duties are temporary and there may be industries in need of protection for which enquiries may have to be made. As regards the statement by the representative of the Commerce Department that the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future, it is more or less of the nature of a conjecture and cannot, in any case, relieve the department of their statutory obligation, if any. We do not therefore recommend the suspension of the Board for a year. (Mr. Ramsay-Scott is of the opinion that in the interests of economy only the board can suspend action for one, but not more than one, year.)

We think, however, the expenditure can be substantially reduced by the following measures which, we recommend, should be adopted.

(*ii*) We propose that for the present the Board should consist of two members and Government should be at liberty to add a third member, if and when necessary. We further think, the salaries are fixed on too liberal a scale and the question of reducing them should be investigated, independently of the general enquiry regarding pay, etc., which we shall undertake at a later stage.

(*iii*) We also hold that for this period at least there is no need for a highly paid Secretary. Office and routine work should be left to the Superintendent or an officer of similar status and the members should, between them, be able to take over the more responsible part of the Secretary's work.

(12) *Summary of savings.*—On our proposals the reduction of expenditure in 1932-33 will be about a lakh as below:—

Rs. 36,000 on one Member's pay, almost the whole provision for the expert adviser, Rs. 20,000 on Secretary's pay and his special pay and the passage contributions, about Rs. 2,000 on the reduction of establishments, about Rs. 14,500 on travelling allowances and about 12,000 on other expenditure.

D.—*Other special commissions of enquiry.*

(13) *Explanation of grant for other special commissions and committees.*—Excluding the provision of 2·32 lakhs for the Tariff Board the 1931-32 grant provides Rs. 23,500 for the Royal Commission on Labour and Rs. 84,400 for Committees of enquiry (*viz.*, Rs. 10,100 for the Drugs Committee, Rs. 1,000 for the Coal Dust Committee, Rs. 69,700 for the Central Banking Enquiry Committee, Rs. 1,600 for the Facts Finding Committee and Rs. 2,000 for the Inland Steam Vessels Rates Advisory Committee).

We observe that since 1921, one hundred and twenty Commissions and Committees of enquiry have been appointed and their cost has in each year since 1921 been 10·59, 3·27, 23·77, 9·77, 9·15. 19·07, 20·08, 11·51, 29·48, 2·67 and 3·71 lakhs. A list has been given in Appendix III, Chapter I.

So far as can be ascertained at present, the following Committees are likely to be appointed during the next two years, *viz.*, (*i*) an expert committee to examine proposals for a comprehensive amendment of the law of arbitration, (*ii*) a franchise committee, (*iii*) such courts of enquiry or boards of conciliation as may be required under the Trades Disputes Act, 1929.

(14) *Proposals.*—We are not in a position to make specific recommendations regarding the appointment and cost of special commissions and committees of enquiry in the near future. We trust, Government will carefully scrutinise the need for them and, wherever practicable, put them off till the return of better financial conditions. We further urge that the policy underlying the present practice of examining in detail the findings and proposals of special committees and commissions should be overhauled. Here we propose to confine ourselves to only one issue.

We have examined the instructions issued on 8th September 1931 for regulating and controlling expenditure on committees of enquiry, and approve them subject to the following comments :—

(*i*) The maximum rates of remuneration, etc., for non-official members are a subsistence allowance of Rs. 1,200 per mensem and a touring allowance Rs. 300 per mensem. We hold that the former is unduly high and should be a reduced to Rs. 30 *per diem*. Under the present rules Government have reserved to themselves " the discretion to fix rates for any particular committee at a level suitable to its composition and conditions of work ". In our opinion Goverment should not have any discretion to vary the rates ; such discretion is liable, on the one hand, to abuse and, on the other hand, to cause some embitterment of feeling. Service on any public committee of enquiry is and will continue to be prized for the opportunity it offers to do public work and the rate of remuneration obtainable should in most cases be an irrelevant consideration to those whom it may be desired to appoint as members.

The rate of the touring allowance also should be fixed on a *daily* basis, *viz.*, Rs. 10 per diem.

(*ii*) The remuneration of official members of committees is regulated by the following rule :—

> " No increase in pay will ordinarily be sanctioned to an official of the Government of India serving as Chairman or Member—Secretary, but may exceptionally be sanctioned on proof that his duties are more arduous or responsible than they would have been in the post on which his pay is based. "

The exception contemplated in this rule is likely, in practice, to defeat the purpose of the rule and should be deleted.

(*iii*) The right of a chairman to requisition a reserved first class compartment for journeys of over six hours' duration or for journeys any part of which falls between 11 P.M. and 6 A.M. should be reduced to the right to requisition a coupé compartment of two berths and if a coupé be not available, two first class berths.

E.—*Compensations.*

(15) *Explanation of grant.*—The aggregate 1931-32 grant of 25·52 lakhs for compensations consists of the following items :—

(*i*) 25 lakhs quit rent for Berar paid to H. E. H. the Nizam, (*ii*) ·16 lakh compensations to Janjira and other States in Bombay and other compensations, (*iii*) ·25 lakh compensations to H. H. the Maharaja Scindia and to Raja Mahendra Man Singh, and (*iv*) ·11 lakh compensations paid in Assam.

(16) *Proposals.*—The compensation to H. E. H. the Nizam is a payment fixed by a treaty. It is called quit rent and its previous history shows that it represents a surplus of receipts over expenditure. While we agree that there can be no question of a reduction of the amount, we have not been able to appreciate why at the time of the financial settlement with the provinces this expenditure was not passed on to the local Government of the Central Provinces, who administer Berar and get the receipts. The argument that if it had been so passed on, the provincial contribution of the Central Provinces to the Central Government would have been reduced *pro tanto* does not convince us. We observe that even though provincial contributions have now ceased, the Central Government's liability still persists. This would not have been the case if the liability had been fixed, *ab initio*, on the local Government. We propose that the position should be re-examined in connection with the impending constitutional changes.

We have no proposal to make regarding the other items in this grant.

F.—*Rents, rates and taxes on Central Buildings.*

(17) *Explanation.*—This grant of 2·14 lakhs is a mere figure of account, a corresponding credit appearing in the head " Civil Works ".

(18) *Proposals.*—The Public Works, Accounts and Audit Sub-Committee has already examined this item. We would here only observe that the consumption of electrical energy in central buildings requires some tightening up. To give an illustration, the lighting of the verandah of the Council House at New Delhi is undertaken on a scale that appears to us to be wasteful. We are unable to give a precise estimate of savings.

G.—*Grants-in-aid.*

(19) *Explanation.*—(*i*) This grant consists of two items, (*a*) Rs. 3,000 (non-voted) for subsidies to guaranteed telegraph lines on the North-Eastern Frontier, and (*b*) Rs. 52,700 (voted) for two grants-in-aid, *viz.*, Rs. 50,000 to the Trustees of the Victoria Memorial for the maintenance of the Memorial and Rs. 2,700 to the Empire Parliamentary Association.

(*ii*) The Victoria Memorial at Calcutta is maintained out of contributions by the Central Government (Rs. 50,000) and by the Government of Bengal (Rs. 35,000) and small local sources of income. It is essentially an all-India institution and is managed by a body of Trustees constituted by Act X of 1903 to whom powers have been entrusted by rules. The Central Government's contribution used to be Rs. 31,800 per annum but was raised to Rs. 50,000 in 1924-25.

(*iii*) The annual contribution of Rs. 2,700 to the Empire Parliamentary Association is intended to meet the cost of (*a*) incorporating and printing important extracts from the proceedings of the Indian Legislature in the quarterly "Journal of the Parliaments of the Empire", and (*b*) the free supply of copies of the Journal to those members of the Indian Legislature who are members of the British Indian branch of the Association. The average number of such copies as also copies of the bi-monthly "Review of Foreign Affairs," which are also supplied free of cost to such members, has during the last four years been 165.

(20) *Proposals.*—(*i*) We have no proposal to make regarding the provision of Rs. 3,000 for a subsidy to the Posts and Telegraphs Department in respect of the guaranteed line on the North-Eastern Frontier.

(*ii*) As regards the grant-in-aid to the Trustees of the Victoria Memorial, the annual contribution has been reduced to Rs. 45,000. We consider that the reduction is not sufficient. During the year ending 31st December 1930 the income (Rs. 93,105) exceeded the expenditure (Rs. 82,820) by over ten thousand rupees, and the surplus was transferred to a capital fund intended to provide for repairs and for unforeseen contingencies. The deposit account of Rs. 60,000 and the current account of Rs. 42,393 show the fairly prosperous financial condition of the Memorial. We have taken the line that activities which can be financed out of accumulated capital should, in the present financial stress, be expected to manage with materially reduced grants. We have on this principle reduced the research grant to the Imperial Council of Agricultural Research from 5 to $2\frac{1}{2}$ lakhs, and the grant to the Indian Research Fund Association from $7\frac{1}{2}$ to $2\frac{1}{2}$ lakhs. Those of us who know something about the management of the Memorial and the establishments maintained for supervising and guarding its grounds, buildings and exhibits, hold that considerable economy in its management is possible. We therefore propose that the grant should be reduced to the level of 1924-25. This will yield a saving of Rs. 18,200.

(*iii*) As regards the contribution to the Empire Parliamentary Association we think that it should be left untouched. Had it been a large amount, we would perhaps have considered whether the contribution should be reduced to an amount sufficient to meet the cost of incorporating and printing extracts from the proceedings of the Indian Legislature.

H.—*Local Clearing Office.*

(21) *Organisation and cost.*—This office was set up after the signing of the Treaty of Versailles. Its main function is to act as a clearing office for the settlement of "enemy" claims against India and Indian claims against the "enemies"—mainly Germany and Austria. It is also in charge of "reparation" work, which is now practically confined to claims by Indian seamen (lascars). It was at first under a whole-time Controller, but on the departure of Mr. Kisch the duty was made over, for the sake of economy, to the Second Solicitor in addition to his ordinary duties. An allowance of Rs. 250 is paid to him for this work. The establishment is special and consists of two assistants, two clerks, a *daftary* and a peon, and is estimated to cost Rs. 10,500. There are two pensioners on the establishment list; their salaries are Rs. 270 and Rs. 225. Including the provisions of Rs. 3,000 for allowances and of Rs. 2,300 for contingencies the total provision for 1931-32 is Rs. 18,800.

(22) *Proposals.*—The current sanction for this office expires on 31st March 1932. The Legislative Department anticipates that reparation work will have been finished by 31st March 1933 but "clearing" work will go on

for some time requiring two or three of the present ministerial establishment of four. It thinks that after the close of 1932-33 the expenditure should not exceed Rs. 10,000.

(*i*) Our main proposal is that since the work of this office has gone down very substantially, it should now be merged in the Legislative Department. Though the work is claimed to be of a specialised nature we can see no reason whatever why it should be considered heterogenous to the regular functions of the Legislative Department so as to require or justify the continuance of the Local Clearing office as a separate entity. In any case we urge that effect be given to the following proposals.

(*ii*) The Legislative Department stated in its reply dated 6th May 1931 to the Finance Department that no reduction of the allowance of Rs. 250 to the Second Solicitor was possible in the current year. In the reply to our questionnaire, however, it states that so long as the Second Solicitor continues to be employed also as Controller, he must necessarily receive additional remuneration, since these duties are extraneous to the solicitor's duties imposed upon him under his contract of service. We do not accept this view. In our opinion the Controller's duties are now so light that no special remuneration is needed. We do not agree that the duties are " wholly extraneous ", nor that a whole-time Government servant must necessarily be given remuneration for any extra work he may be called upon to do. We propose that this allowance be immediately abrogated, and the Controller's duty made over to an officer of the Legislative Department as one of his ordinary duties.

(*iii*) The special ministerial establishment should be reduced to one with effect from 1st March 1932. We have provided for this in our proposals relating to the Legislative Department. The regular departmental staff should be trained up so as to obviate, in due course, the employment of pensioners which *prima facie* we consider to be open to objection.

(*iv*) The Department has offered savings of Rs. 1,820 under allowances and Rs. 300 under contingencies ; the former includes Rs. 1,800 on account of travelling allowance for the Second Solicitor. With effect from 1932-33 the provision should be reduced to Rs. 800.

(23) *Summary.*—The savings will be nearly the whole provision *minus*, say, Rs. 3,000 for the clerk who will be added to the ministerial establishment of the Legislative Department and about Rs. 800 for the addition to the budget of that Department for allowances and contingencies. Since we have already provided for the additional clerk, the saving will be ·18 lakh.

I.—*Indian Soldiers' Board.*

(24) *Organisation.*—This Board was constituted in 1919 to deal with the (*i*) formation of district records of war services as a basis for future action, (*ii*) consideration of questions connected with land rewards or grants or preferential treatment for Government service, (*iii*) after-care of the soldier, (*iv*) educational concessions for soldiers' children, (*v*) safeguarding of soldiers, interests in general, and (*vi*) consideration of the whole subject of demobilization in its civil aspect. It is composed of three members of the Executive Council, of whom one is President, H. E. the Governor of the Punjab, the Army Secretary, the Adjutant-General in India and the Military Financial Adviser. The Auditor-General was appointed as an additional member in 1929-30. One of the Assistant Secretaries in the Army Department acts as Secretary to the Board in addition to his other duties, and gets a special pay of Rs. 200 per mensem.

(25) *Functions.*—The Board's duties "centre round the home welfare of the Indian soldier, past and present, and his dependants". The Central Board co-ordinates the activities of kindred organisations in the various areas from which the bulk of the Indian Army is recruited. Under the control of the provincial board there exists a net-work of subordinate organisations throughout India. The main functions of the District Soldiers' Board and the corresponding organisations are—to maintain lists of serving and deceased soldiers from the area concerned, to circulate information regarding educational concessions for soldiers' children, to communicate information regarding employment, facilities for training for civil vocations, etc., to ascertain and to communicate the whereabouts of absent soldiers to their families, to render legal assistance, to assist absent soldiers' families in the event of disease or famine, to investigate applications for relief from the various military charitable funds and to assist ex-soldiers and their dependants in securing medals, pensions, arrears of pay, etc.

(26) *Funds.*—The Board has its own fund of the face value of 11·09 lakhs invested in 3½ and 6 per cent. notes and bonds from which the interest income was · 4 lakh in the year 1929-30. In that year the Board was able to carry ove a surplus of ·19 lakh to its current account. The main items of expenditu e are contributions to Local Governments and Administrations in connection with welfare schemes : minor contributions are made to other institutions or funds for soldiers' welfare. Besides this fund, the Board administers or is connected with the following funds :—

(*i*) India and Burma Military and Marine Relief Fund :—

Capital . . . Rs. 9,99,000 (Face value on 31st March 1930).

(*ii*) Indian Army Benevolent Fund :—

Capital . . . Rs. 9,58,000 (Face value on 31st March 1930).

The Government of India make an annual compassionate grant of Rs. 6,500.

(*iii*) Sir Victor Sassoon Fund.

(*iv*) King Emperor's Patriotic Fund. The balance on 31st March 1930 was Rs. 38,255.

The Board also investigates claims received from, or on behalf of, widows of the Viceroy's Commissioned Indian Officers for relief from the Silver Wedding Fund and acts as a distributing agency on behalf of the administrators of this fund.

(27) *Budget.*—So far as central revenues are concerned, the total cost of the Board is Rs. 15,100 (*viz.*, Rs. 2,400 for pay of officers, Rs. 9,300 for pay of establishments, Rs. 3,000 for allowances, and Rs. 400 for other expenses).

(28) *Proposals.*—(*i*) We have not been able to see the justification for the special pay of Rs. 200 to the Assistant Secretary in the Army Department for acting as Secretary to the Board. By abolishing the special pay and effecting economies on establishment, allowances and other expenses, we think it should be possible to reduce the estimate for 1932-33 from Rs. 15,100 to about Rs. 10,000. The saving will be Rs. 5,100.

(*ii*) In our opinion this expenditure should be borne by the Army and not by the Civil Estimates. We were told by the Secretary, Army Department, that the reason why it is included in the Civil Estimates is that the Board is affiliated to the Army Department whose expenditure is borne on the Civil Estimates. Although the transfer from the Civil to the Army Estimates does not automatically afford financial relief to Government, we think that in the long run it will help to keep the cost down to a reasonable figure. Besides, our proposal will help to give a truer picture of the real aggregate cost of the Army.

(29) *Summary of savings.*—Rs. 15,100 in the Civil Estimates but only Rs. 5,100 in the total estimates.

J.—*Miscellaneous and unforeseen charges.*

(30) *Explanation of grant.*—The 1931-32 grant under this head is Rs. 96,300 and is made up as below :—

(*i*) Of the Rs. 25,000 for the Indian Delegation to the League of Nations Rs. 1,000 is for the pay of establishments and the rest is for the pay and travelling expenses of the members. Actual cost in 1929-30 was Rs. 8,403.

(*ii*) The provision of Rs. 49,000 for the International Labour Conference consists of Rs. 3,000 for officers' pay, Rs. 43,000 for travelling expenses, and Rs. 3,000 for other expenses. Actual cost in 1929-30 was Rs. 57,386.

(*iii*) The Conference on Deck Passenger and Pilgrim Traffic was estimated to cost Rs. 10,000, *viz.*, Rs. 300 pay of establishment, Rs. 1,500 for travelling expenses, and Rs. 8,200 for other expenses.

(*iv*) There is a provision of Rs. 9,500 for the grant of an honorarium for two months and subsistence allowance for four weeks and for travelling and other expenses in connection with the deputation of the Right Hon'ble Mr. Srinivas Sastri to England to give evidence before the Joint Select Committee on East Africa.

(*v*) Rs. 2,800 has been provided for " other items " (Rs. 2,400 being for Bombay). In previous years this part of the grant included such items as payment of claims in respect of war bonds lost by fraud, payment of claims by lascars and their dependants to compensation for loss and damage caused by enemy action during the war, the cost of a visit of some members of the Legislature to the North-West Frontier Province, grant to the Indian Olympic Association, adjustment of passage contributions and leave salaries, residual charges of committees of enquiry, expenditure in connection with the visit of the Far Eastern Opium Commission of the League of Nations, adjustment of accounts, etc.

(31) *Proposals.*—(*i*) As regards the Indian delegations to the League of Nations and to the International Labour Conference, we may first invite attention to our remarks regarding India's contribution to the expenses of the League of Nations [*vide* paragraph 6 (*ii*) of Chapter XIX]. Subject to those remarks we think, India should not go unrepresented at Geneva. We have already drawn* attention to the need for a rigorous curtailment of expenditure on the obligations arising from international conventions signed by India. We have also recommended that the Government of India should set their face resolutely against any further onerous commitments, at least for some time.

* Paragraph 12 of Chapter I of our Interim Report (Part I), page 6.

Apart from this we think, the expenditure on the items under consideration can within limits be curtailed. We observe that the actual expenditure on each delegation has been as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.
League of Nations . . .	..	..	12,114	42,934	8,686	8,403
International Labour Conference	19,775	10,079	15,940	9,883	15,244	57,386
Total . . .	19,775	10,079	28,054	52,817	23,930	65,789

We realise that actual expenditure depends on certain factors which remain uncertain till the composition of the delegations is known. But, experience shows that there has perhaps been overbudgetting in the past.

So far as the official part of a delegation is concerned, we understand that it has been the policy to send as few men from India as possible. They have only to voice Government's view and as sufficient Indians are available in England, as we believe they are, we see no point in sending out men all the way from India. We think, the present policy is right and should be pursued strictly.

In the light of past experience we propose that the future provision for the League of Nations delegation should be reduced to Rs. 10,000, but that for the delegations to the International Labour Conference should be left as it is. This will yield a saving of Rs. 15,000.

(*ii*) The Deck Passengers and Pilgrim Traffic Conference is a new item of expenditure. We presume it is non-recurrent. If so, the provision for it need not be repeated in the 1932-33 budget. Saving Rs. 10,000.

(*iii*) The provision of Rs. 9,500 for Mr. Sastri's deputation will not have to be repeated. Hence, the whole of it will be a saving.

(*iv*) We observe that the actuals for "other items" for 1928-29 and 1929-30 were Rs. 37,880 and Rs. 11,79,017. The current year's provision is Rs. 2,800. We are naturally unable to make any recommendation.

(32) *Summary of savings.*—Apart from the fluctuations on account of "other items" the budget for head J of Grant 76 should be reduced by Rs. 15,000 + Rs. 10,000 + Rs. 9,500 = Rs. 44,500.

K.—*Miscellaneous—Other charges.*

(33) *Explanation.*—The provision is ·91 lakh and includes loss by exchange on local transactions. The items which make up the grant and the amounts for each are :—

(*i*) Miscellaneous payments arising out of the War (Rs. 1,000), (*ii*) Irrecoverable temporary loans written off (Rs. 26,800), (*iii*) Annual stipends to the holders of literary titles (Rs. 400), (*iv*) Loss by exchange on local transactions (Rs. 34,500), (*v*) Guarantee for the opening of telegraph offices (Rs. 3,000), (*vi*) Durbar charges—miscellaneous (Rs. 200), (*vii*) Treatment of Assam patients at the Pasteur Institute (Rs. 100), and (*viii*) Institute for Disabled Soldiers, Lahore (Rs. 25,000). We shall deal with (*viii*) separately.

(34) *Proposals.*—(*i*) The need for retaining the existing provisions for items (*i*), (*ii*), (*vi*) and (*vii*) may be scrutinised afresh. Under (*i*) Commerce Department has proposed a ten per cent. reduction.

(*ii*) As regards item (*ii*), the Legislative Department thinks that in future Rs. 15,000 will probably cover all annual liabilities. The provision under the control of that Department should therefore be reduced from Rs. 25,000 to Rs. 15,000. Saving Rs. 10,000.

(35) *Summary of savings.*—The reduction of expenditure should be about Rs. 12,000.

K.—*Miscellaneous—Institute for Disabled Soldiers.*

(36) *Function.*—This Institute was started at Lahore in 1919 for one year in the first instance with the object of training up disabled soldiers in motor driving and maintenance and in the management of oil-engines and thus enabling them to supplement their military pensions. Since then sanction for its continuance from year to year used to be granted on the Punjab Government's recommendation that the Institute was serving a useful purpose and that the men were successful in getting employment after training.

(37) *Cost.*—The grant for 1931-32 is Rs. 25,000, *viz.*, special pay to Headmaster (Rs. 600), establishments (Rs. 8,300), allowances (Rs. 300 *plus* 100), rations (Rs. 3,500), motor contingencies (Rs. 7,700), rent of boarding house (Rs. 3,000), and miscellaneous contingencies (Rs. 1,500). The actual cost in each of the five years 1925-26 to 1929-30 was about Rs. 25,000 except in 1926-27 when it was Rs. 21,738.

(38) *Proposal.*—Originally, the Department of Industries and Labour offered a reduction of Rs. 3,480 in the pay of establishments. It has, however, now been decided to close the Institute down altogether. We endorse this decision. The Institute can no longer be serving the needs of disabled soldiers (*i.e.*, war casualties), but rather those of men normally discharged. Secondly, although on a strict interpretation the army could argue that the cost of training army pensioners should be borne by civil and not by army estimates, we consider that as in the case of many other benevolent activities in the interests of ex-soldiers and their families and dependants, the cost should have actually come from the army estimates. Again, even if it could be argued that this Institute is a central subject under the Devolution Rules, we hold that the Punjab Government should have been asked to bear a share of the cost of maintaining this Institute, since the benefit of the technical and industrial training imparted by it goes mostly to Punjab civilians. We understand that both the army authorities and the Punjab Government are disinclined to share the cost. We conclude from this that the purpose served is not such as to justify its maintenance from central civil estimates.

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(39) *Summary of savings.*—On the entire grant the savings from our proposals will be 2·45 lakhs. There will be some other savings also, but since they could not be precisely estimated, we have not taken them into our calculation.

CHAPTER XVII.

GRANT NO. 80.—DELHI (47·06 LAKHS, OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS 104·81 lakhs).

(1) *General.*—The imperial enclave of Delhi is directly administered by the Government of India and its expenditure is borne by the central revenues. It was carved out of the Punjab and the U. P. Following upon the announcement made by H. M. the King Emperor to remove the capital of India from Calcutta to Delhi it was constituted a separate minor administration. Its area is 573 square miles and population 6·36 lakhs. The old city of Delhi with an urban population of about 4½ lakhs naturally dominates the so-called "Province of Delhi".

The administration is in charge of a Chief Commissioner and tends to reproduce all the usual features of a provincial government. The departments maintained, their establishments and cost and the growth of expenditure on each will be dealt with along with our proposals relating to each. Here we shall only observe that the local administration of certain areas is entrusted to (*i*) the Municipal Committee of Delhi with an official chairman, (*ii*) the Municipal Committee of New Delhi which consists entirely of nominated members, half of whom are officials, (*iii*) the Notified Area Committee with jurisdiction over the civil lines portion of Old Delhi, and (*iv*) the District Board with jurisdiction over the rural portions of the enclave.

(2) *Explanation of grant.*—The administration is estimated to cost 104·81 lakhs in 1931-32, but the specific grant for Delhi is only 47·06 lakhs. The difference, *viz.*, 57·75 lakhs represents the expenditure provided for in other grants, mainly Civil Works (36·62) and interest on ordinary debt (14·34). It should be noted that the estimated cost includes items like "interest for ordinary debt", currency, ordinary and territorial and political pensions which have little organic connection with Delhi administration as such. The important head of "Civil Works" is an unusual feature which has no equivalent in the other minor administrations.

(3) *Growth of expenditure.*—The two tables below show the expenditure on various "provincial" and "central" heads, and the growth or fall in the expenditure on each head in certain years:—

TABLE A.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
GENERAL ADMINISTRATION—											
(*i*) Chief Commissioner's Office				·86	·92	1·01	1·00	1·03	1·01	1·08	1·07
(*ii*) District Administration	1·85	2·66	3·05	2·32	2·11	1·92	2·15	2·60	2·72	3·07	3·23
(*iii*) Other charges				·10	·12	·16	·11	·05	·07	·05	·05
Land Revenue	·47	·61	·38	·41	·45	·53	·57	·58	·66	·64	·66
Excise	·06	·12	·16	·12	3·62	3·41	3·83	3·68	3·66	3·69	3·67
Stamps	·07	·13	·11	·07	·08	·08	·08	·32	·10	·08	·10
Forests	..	..	..	..	..	..	·07	·09	·10	·11	·07
Registration	..	·08	·08	·08	·08	·06	·04	·04	·04	·04	·05
Irrigation	·01	·01	*	·51	·31	·06	·05	·02	·02	·03	·05
Justice	1·14	1·21	1·83	1·71	2·13	2·37	2·41	2·50	2·57	2·70	2·67
Jails	·64	·86	1·19	1·47	1·24	1·28	1·27	1·41	1·51	2·06	1·73

* Figures not separately available.

TABLE A—*contd.*

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Police	3·92	6·91	9·60	7·87	7·99	8·88	8·88	9·50	9·95	13·19	11·62
Scientific Departments (Museum)	..	·08	·38	·01	..	..	..	..	..	..	..
Education	1·43	3·20	4·42	5·26	5·81	6·18	8·08	9·19	9·40	10·11	9·97
Medical	1·11	3·35	3·47	3·37	5·08	5·45	5·18	5·32	5·57	5·26	5·32
Public Health	1·20	1·39	·54	·27	·66	1·43	2·21	1·96	1·84	2·09	2·07
Agriculture and Horticulture	·33	·32	·29	·14	·31	·52	·47	·52	·60	·71	·70
Industries	·01	..	·04	·10	·10	·12	·14	·25	·27	·33	·32
Miscellaneous Departments	·09	·06	..	..	·01	·02	·03	·03	·03	·04	·03
Civil Works†	19·16	36·46	*	12·82	8·99	37·06	33·52	38·86	55·44	53·93	36·62
Pensions, ordinary†	1·71	2·39	2·58	2·06	4·09	3·00	3·59	3·12	3·25	3·29	3·28
Stationery and Printing†	·10	·15	·08	·03	·03	·01	·02	·02	·04	·06	·05
Miscellaneous charges	·35	38·75	7·46	4·20	3·98	3·69	3·74	3·64	3·63	3·85	3·22
Total "Provincial" Subjects	33·65	98·74	35·66	43·78	48·11	76·94	79·44	84·73	1,02·48	1,03·41	86·55
Taxes on Income†	·01	·01	·15	·25	·43	·47	·56	·66	·68	·87	·85
Ecclesiastical	·13	·20	·32	·30	·26	·21	·25	·18	·19	·22	·22
Political	·01	·01	·01	·03	..	·01	·08	·09	·13	·14	·22
Currency†	..	·04	·04	·08	·09	·09	·30	·16	·11	·13	·17
Territorial and political pensions†	·37	·44	·46	·47	·47	·51	·49	·49	·49	·50	·50
Interest	*	*	*	5·23	5·88	6·34	10·92	14·54	11·44	14·04	14·34
Total "Central" Subjects	·52	·70	·98	6·36	7·08	7·63	2·59	16·12	13·04	15·90	16·30
Grand Total‡	34·17	99·44	36·64	50·14	54·89	84·57	90·03	1,00·85	1,15·52	1,19·31	1,02·85

* Figures not separately available.

† Expenditure on heads marked † is included in other Grants.

‡ Excludes Refunds. Hence, totals will not necessarily tally.

TABLE B.

Eliminating the charges which are not directly connected with the administration of Delhi, the totals are as follows :—

32·09	96·57	33·56	42·20	44·71	74·63	74·73	82·54	1,00·23	1,01·35	84·56

(4) *Analysis of the growth of expenditure.*—The Inchcape Committee accepted the following figures of expenditure and revenue for its report :—

——	1913-14 (actuals).	1921-22 (revised estimates).	1922-23 (budget estimates).
Expenditure	33·99	67·00	66·18
Receipts	14·91	31·39	32·57

It observed that of the growth of expenditure since 1913-14 about 14 lakhs had occurred under " Civil Works " and 4 lakhs each under Police and Education. More than half of the expenditure on Delhi at that time was incurred under the head " Civil Works ", and that Committee observed that if Civil Works and a portion of the expenditure on Police arising out of the fact that Delhi is the headquarters of the Government of India were left out of calculation, Delhi was practically self-supporting.

It recommended measures estimated to reduce the expenditure by 4·16 lakhs and noted that steps had been taken to increase the stamp revenue; it also observed that it should be possible to increase the excise revenue by devising an arrangement whereby the neighbouring major provinces (*viz.*, the Punjab and the U. P.) from which Delhi draws its supplies of country liquor and which used to retain the still head duty on such liquor would not retain the whole of the receipts, or alternatively by manufacturing country liquor in Delhi itself. In pursuance of the accepted policy that " duty should follow consumption " Delhi now receives as revenue the duty on such liquor, but in return it pays to those provinces compensations calculated upon the revenue from this source which they received in the three years prior to 1921. The rates of duty were subsequently raised. The following table shows that this arrangement leaves a fair surplus from excise to Delhi revenues :—

——	1925-26.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(*i*) Excise Receipts	6·12	8·59	9·46	9·77	5·33	5·96
(*ii*) Compensation . . Punjab .	2·90	2·90	2·90	2·90	2·90	2·90
U. P. .	*Nil.*	*Nil.*	·22	·22	·22	·22
Total .	2·90	2·90	3·12	3·12	3·12	3·12
Excess of (*i*) over (*ii*)	3·22	5·69	6·34	6·65	2·21	2·84

The other principal factors in the growth of real, as distinct from nominal, expenditure since 1924-25 have been :—

(*i*) *Forest.*—The scheme for the afforestation of the Southern Ridge.

(*ii*) *General Administration.*—Appointment of an additional Extra Assistant Commissioner.

(*iii*) *Justice.*—(*a*) Contribution to Punjab Government of ·36 lakh for Punjab High Court's services and of ·04 lakh for the training of Delhi officers in commercial law.

(*b*) Additional subordinate judges and munsiffs, increase in the allowances paid to the Public Prosecutor, and growth of criminal work.

(*iv*) *Police.*—Additions to the Police force, revision of pay and of clothing and equipment grants. Increase in travelling and other allowances.

(*v*) *Education.*—The five-year programme of educational development and growth of university and secondary education.

(*vi*) *Medical.*—Additional grants-in-aid to Lady Hardinge Medical College and cost of training Delhi students at the Medical College at Lahore.

(*vii*) *Public Health.*—Expansion of health establishments, increase of grants-in-aid to local bodies including ·50 lakh to New Delhi Municipality and the establishment of a new Bacteriological Laboratory.

(*viii*) *Agriculture, Horticulture, etc.*—Appointment of a Superintendent of Gardens and his staff and grants for arboriculture.

(*ix*) *Civil Works.*—Original works as part of the development of the Capital. Larger expenditure on repairs. Increase in establishments. Enhanced grants-in-aid.

(*x*) *Taxes on income.*—Re-organisation of staff, and establishment of a salary circle.

It will be seen that a very large share of the increased expenditure has been caused by the development of the Imperial Capital and the need for maintaining certain standards of administration not only in New but also in Old Delhi.

(4) *Revenues.*—The predominantly urban character of the "province" of Delhi is reflected in the character of its revenues. The principal contributors are Excise, Stamps, Taxes on Income and revenues from urban lands. Rents from residential and other accommodation provided by Government form an unusual feature of Delhi revenues and are a partial set off against the heavy expenditure on the capital programme of Civil Works and the revenue expenditure on them.

The following table shows the growth of the revenues from both "provincial" and "central" subjects :—

TABLE C.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Land Revenue	3·53	4·01	3·32	3·41	3·95	4·15	4·34	3·49	2·67	2·73	2·68
Excise	2·71	6·78	4·59	3·88	6·12	8·59	8·97	9·46	9·77	5·33	5·96
Stamps	3·06	7·26	7·21	7·18	7·72	8·24	7·25	7·19	7·51	7·20	7·20
Registration	·23	·45	·43	·48	·50	·44	·44	·49	·52	·47	·47
Irrigation	..	·02	·06	·03	·04	·03	·02	·01	..	..	..
Justice	·21	·27	·36	·28	·24	·52	·46	·51	·38	·45	·45
Jails	·32	·18	·19	·22	·28	·22	·28	·16	·21	·14	·14
Police	·04	·21	·24	·19	·21	·06	·23	·28	·33	·32	·32
Education	.18	·16	·15	·14	·19	·46	·48	·50	·56	·49	·49
Medical	·01	·08	·10	·11	·11	·08	·07	·19	·20	·20	·19
Public Health	..	..	..	..	..	..	..	·12	·08	·77	·07
Agriculture	·01	..	·09	..	..	..	..	·05	·05	·05	·05
Industries	..	*	..	·02	..	..	·01	·09	·07	·05	·03
Miscellaneous Departments	·05	·25	·06	·06	·10	·12	·10	·12	·14	·13	·13
Civil Works	1·44	1·61	2·44	4·38	2·90	6·83	6·65	8·25	9·41	15·18	15·75
Pensions	·03	·04	·04	·21	·39	·30	·37	·39	2·52	·11	·11
Stationery and Printing	·05	·08	·07	·08	·02	·02	·03	·03	·08	·09	·09
Miscellaneous	·36	3·13	1·36	2·10	3·16	1·97	1·02	2·13	1·73	2·06	1·81
Total "Provincial" Subjects	12·23	24·23	20·71	22·72	25·93	32·03	30·72	33·46	36·23	35·77	35·94
Currency	..	·22	†	..	†	..	..	..	..	..	..
Customs—Cotton excise duty	·04	·65	1·41	1·92	1·65	—·9	..	..	..	..	..
Taxes on Income	2·13	12·80	8·27	9·56	11·44	11·20	11·57	10·40	11·40	8·99	6·67
Opium	·25	·14	·23	·37	·11	..	..	..	..	..	..
Total "Central" Subjects	2·42	13·81	9·91	11·85	13·10	11·11	11·57	10·40	11·40	8·99	6·67
GRAND TOTAL	14·65	38·04	30·62	34·57	39·03	43·14	42·29	43·86	47·63	44·76	42·61

* Included under "Miscellaneous Departments".
† Figures not separately available.

Explanations.—Against the growth of excise revenue should be set off the compensation of 3·12 lakhs payable since 1925-26 to the Punjab and the United Provinces Governments.

The growth under Stamps has been due to the growth of Delhi as the capital and to increased rates.

The increase under Civil Works has been due to the growth of rents from residential and other accommodation provided out of heavy capital expenditure.

The growth of receipts under miscellaneous has been due to increased premia on plots of land sold.

The fall under customs was the result of the abolition of the cotton excise duties.

The growth under taxes on income is nominal and has been the result of the identification of income tax collected on salaries in the Delhi Salary Circle.

(5) *Departmental proposals for economy.*—Home Department has offered to reduce expenditure as below :—

		Rs.
(*i*) Direct Demands on Revenue	by	23,650
(*ii*) General administration	„	19,330
(*iii*) Administration of Justice	„	15,420
(*iv*) Jails and Convict Settlements	„	16,600
(*v*) Police	„	*Nil*
(*vi*) Medical	„	24,679
(*vii*) Public Health	„	20,730
(*viii*) Other heads	„	2,09,238
Total		3,29,647

The department has pointed out that if head " Education " for which there is a provision of Rs. 9,97,200 is left out, the total grant for Delhi is reduced to 37·09 lakhs and that the reduction of expenditure offered amounts to a little under nine per cent.

(6) *Our proposals.*—(*i*) We have considered the suggestion that Delhi should be amalgamated with the Punjab or the United Provinces. But, this question raises controversial issues and we have therefore decided to base our proposals on the basis of Delhi continuing to be an imperial enclave. We do not, however, see why it should not be constituted into a " civic " area somewhat on the lines of the London County ' Council ' with the existing local bodies functioning under the Council. The Council' should, on the same analogy, control its own police, education, etc.

(*ii*) We hold that the practice of describing Delhi, with a population of 6,36,000 and an area of 573 square miles, as a " province " or a " local administration " has in the past led to the cultivation of an outlook which has resulted in undue expense if not extravagance. We propose that it should be described in the future as the Imperial District of Delhi and its administration should be framed on that basis. The posts of the Chief Commissioner and the Registrar should be abolished and the district should be placed in charge of an officer of the rank of a District Officer on the senior I. C. S. scale of pay. His precise designation is not, *per se*, an important matter, but we advise against any designation being adopted which by analogy and implication is

likely to lead to unnecessary expenditure. Extra powers should, if necessary, be given to this officer. We think that he will have to be given about half of the present Chief Commissioner's establishments to enable him to carry on his extra duties.

Our proposal will yield a saving of about ·81 lakh.

(*iii*) *District administration.*—The general administration of the "district" is carried on by a Deputy Commissioner assisted by an Additional District Magistrate, four Extra Assistant Commissioners, a Land and Development Officer and a Tahsildar of an officer's rank. The 1931-32 grant contains two new provisions of Rs. 24,800 for a whole-time President of the New Delhi Municipal Committee and Rs. 8,800 for a Resident Magistrate. These two posts were to take the place of the combined Resident Magistrate and Secretary to the Municipal Committee, New Delhi, at an extra cost of ·25 lakh. The establishments for district administration consist of 2 draftsmen, 4 surveyors and 180 executive subordinates, clerks and servants. The 1931-32 provision for district administration is Rs. 3,22,500.

We hold that the district staff is altogether excessive for the needs of Delhi. We propose that the scheme for a whole-time President of the New Delhi Municipal Committee be dropped, saving Rs. 24,800. At the same time, we think there is no need for the separate post of a Resident Magistrate; this post should therefore be abolished, saving Rs. 8,800. The Resident Magistrate's and the Secretary's combined duties should be carried on by one of the four Extra Assistant Commissioners; it is on this account that we are not proposing any reduction in the number of officers on the district staff, even though we observe that one new post of Extra Assistant Commissioner was created in 1928-29.

We note that in 1927-28 and 1929-30 the district establishments numbered only 153 and 158. Their number went up to 200 in 1930-31 and now stands at 186. The number should be reduced by about 15 per cent. to the 1929-30 level, *viz.*, 158, saving about Rs. 20,000. [In para. 6 (*ii*) above we have proposed that the district office should get half the establishment of the Chief Commissioner's office]. Allowances and honoraria should be reduced by (*a*) Rs. 2,400, *viz.*, the two new items and (*b*) 15 per cent. on the rest, yielding a saving of about Rs. 3,200.

The actual expenditure on Contingencies in 1926-27 and 1928-29 was Rs. 33,508 and Rs. 39,267 respectively. We propose that a reduction of 10 per cent. in the 1931-32 provision of Rs. 42,800 should not be difficult to effect, especially in view of the fall in prices, saving Rs. 4,280.

Our proposals will yield a total saving of Rs. 63,480, or, say, Rs. ·63 lakh.

(*iv*) *Direct demands on the Revenue.*—The provision for the administration of Land Revenue (30), Land Records (103), Excise (7), Stamps (2), Forest (1) and Registration (3) is Rs. 4,55,200; the establishments maintained are shown in brackets after each. The expenditure includes Rs. 3,12,400 on account of assignments to three local Governments and certain other obligatory expenditure. Home Department has offered permanent economies aggregating Rs. 23,650. We recommend that this offer be accepted.

(*v*) *Administration of Justice.*—(*i*) *Law and Justice.*—The Punjab High Court, Lahore, does High Court work for Delhi and the Punjab Government are paid Rs. 36,000 in respect of such work. The other staff for the administration of justice is :—(*a*) A District and Sessions Judge (Rs. 1,000—3,000 *plus* a special pay of Rs. 150), and 6 subordinate judges and munsiffs.

Establishments number 112. (*b*) Small Causes Court :—A Judge, a Registrar and an establishment of 30. (*c*) A Public Prosecutor on Rs. 1,000 per mensem.

The following table shows the growth of expenditure (in lakhs) :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1·14	1·50	1·71	2·13	2·37	2·41	2·50	2·57	2·67

The Chief Commissioner originally offered the following savings totalling Rs. 19,220, *viz.*, Rs. 8,800 under non-voted pay of officers, Rs. 200 pay of establishments, Rs. 4,000 pay of officers, Rs. 6,220 under the various heads " other charges ". We cannot ascertain what portion out of this was intended to be of a permanent character. Home Department is now prepared to offer permanent savings of Rs. 15,420, but we do not know the details. Our own proposals below yield a saving of Rs. ·17 lakh which is not materially different from the department's offer.

Proposals.—If the provision of Rs. 150 per mensem is for some special and not, as we presume, the ordinary judicial pay to the District and Sessions Judge, it should be abolished ; we consider that in the case of the judiciary, special pay is objectionable in principle. For the present we leave this out of our calculation.

One new post of additional subordinate judge was created in 1930-31. There are now in all nine officers. One post should be abolished, saving about Rs. 7,000. The cost of establishments (Rs. 55,500+14,500) should be reduced by one-tenth, saving Rs. 7,000.

Other charges should be reduced to Rs. 12,500 under E-5 and to Rs. 2,800 under D-3 (actuals of 1929-30 being Rs. 12,576 and Rs. 2,878 respectively). Savings Rs. 1,700.

The Registrar for the Small Causes Court should be a judicial officer on a pay not exceeding Rs. 500 per mensem. Saving will be at least Rs. 700 ; in fact it should be greater.

(*vi*) *Jails.*—As usual there is a part-time Superintendent in receipt of an allowance of Rs. 150 per mensem and a whole-time Deputy Superintendent. The establishments number 68—jail and 2—medical. The actual cost of jails (apart from jail manufactures) was Rs. 1,45,300 in 1929-30, Rs. 1,33,518 in 1928-29 and Rs. 1,19,207 in 1926-27. The 1931-32 provision is Rs. 1,66,500.

Proposals.—We hold that in view of the fall in prices it should be possible to bring the cost down to about Rs. 1,45,000 by (*a*) reducing the jail duty allowance to Rs. 100 per mensem, and (*b*) cutting down establishments and effecting other savings. The Chief Commissioner has, in fact, offered savings of Rs. 16,600 ; this is also the amount offered on a permanent basis by Home Department. The saving proposed by us amounts to Rs. 21,000.

(*vii*) *Police.*—The provision for Police is Rs. 11·62 lakhs, *i.e.*, nearly 25 per cent. of the total grant for Delhi in the specific sense. Of this, 10·86 is for the Delhi district police and the rest is meant to meet establishment charges paid to the Punjab Government for the railway police (Rs. 70,400) and for the training of the Delhi police recruits (Rs. 5,100).

The Delhi district police force is manned by a Superintendent, an Additional Superintendent, an Assistant Superintendent and two Deputy Superintendents. There is also a provision of Rs. 16,200 for special officers in connection with the Delhi Conspiracy case. Establishments include 83 Inspectors, Sub-Inspectors and Sergeants, 1,709 Constables and 32 Mounted police. There are further provisions for additional police and temporary and special establishments including the special staff employed for the guarding of the Secretariat.

The following table shows the growth of expenditure on the district police (in lakhs) :—

——	1921-22.	1924-25.	1926-27.	1928-29.	1929-30.	1931-32.
Pay of Officers . . .	·46	7·47	·42	·45	·53	·68
Pay of establishments . .	4·22		4·57	5·18	5·36	6·54
Other charges . . .	3·46		2·70	3·14	3·32	3·64
Total cost of district police .	8·14	7·47	7·69	8·77	9·21	10·86

The Chief Commissioner originally offered no savings, permanent or temporary, in this grant. The Home Department does not appear to be prepared to offer any now.

In our opinion expenditure has grown far too rapidly, even when allowance is made for the facts that the population is largely urban and political crime has in recent years been a noticeable feature of crime in Delhi. The establishments numbered 1,499 in 1927-28 and in each succeeding year went up to 1,646, 1,662, 1,689 and 1,826 respectively. Now that political conditions are no longer as disturbed as they were in 1930-31, the expenditure must be brought down considerably. Our proposals are :—

For a district of the size and population of Delhi the staff appears to us to be excessive. We can see no justification for giving it an additional Superintendent of Police ; we consider it a sounder arrangement to have one experienced senior officer of the I. P. S. with an Assistant drawn from the same service and a number of officers of the status of Deputy Superintendents. We propose that the post of Additional Superintendent should be abolished, saving about Rs. 15,000. Even if it be necessary to maintain the present number of officers, *viz.*, 5, we hold that it should suffice to appoint an extra Deputy Superintendent. For the present, however, we assume that no substitute post will be created.

Establishments should be reduced by about 10 per cent., saving Rs. 65,000. Even then the number will be 1,644, besides 9/10ths of the existing additional police and the various special and temporary establishments. The guarding of the Secretariat buildings should be undertaken by the regular police relieved by temporary men paid out of the special provision for temporary establishments A saving of at least 10 per cent. on the grants of Rs. 36,200 for police clothing and equipment and of Rs. 3,26,400 for other charges will follow as a corollary, even apart from the general fall of prices. Total savings will be at least Rs. 15,000 + 65,000 + 3,700 + 3,620 + 32,640 = say 1·20 lakhs. Even then the police grant will be Rs. 45,000 more than in 1929-30.

(*viii*) *Education.*—Government maintain a High School costing Rs. 88,800 in charge of a Headmaster assisted by 41 masters and teachers and a clerical and menial establishment of 14. There is also a small educational establishment of 8 directly maintained by Government for special schools at a cost of Rs. 42,800.

Broadly speaking, the educational system is maintained on the grant-in aid basis, the 1931-32 provisions for grants-in-aid being :—

		Rs.
(*a*) Delhi University		1,00,000
(*b*) Arts Colleges		1,09,500
(*c*) Training College at Lahore (payment made to the Punjab Government for the training of Delhi students)		2,700
(*d*) Secondary Schools	(*i*) Local Bodies	82,300
	(*ii*) Private	2,69,300
(*e*) Primary Schools	(*i*) Local Bodies	2,08,200
	(*ii*) Private	13,000

For the direction and inspection of educational institutions Delhi has a Superintendent of Education, one-half of whose pay is charged to Delhi and the other half to Ajmer-Merwara and Central India in the proportion 2 : 1. The provision in the 1931-32 budget for Delhi's share is Rs. 8,400. He is assisted by an Assistant Superintendent for female education (Rs. 250—600), an Assistant Inspector, an Assistant District Inspector and an establishment of 14. Direction costs Rs. 10,300 and inspection Rs. 31,400.

The expenditure on education has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
·98	3·76	5·26	5·81	6·18	8·08	9·19	9·40	9·97

The Chief Commissioner has proposed the following reductions :—

(*Note*—R. = Recurring. N. R. = Non-recurring.)

	Rs.
(*a*) Grants-in-aid—	
Non-Government Arts Colleges	10,950 — R.
Non-Secondary Schools	22,320 — R.
	18,700 — N.R.
Local Government Bodies for Secondary education	8,230 — R.
Non-Government Primary Schools	1,500 — R.
Local Bodies for Primary Schools	20,040 — R.
Local Bodies for Primary Schools	780 — N.R.
(*b*) Scholarships	2,000
Other Expenditure Rs. 835+100+825+360+710	2,830
Total	87,350

It will be seen that nearly 95 per cent. of the proposed reduction is on grants-in-aid. We are unable to support the acceptance of the Chief Commissioner's offer. Our view of the manner in which educational and scientific institutions should be treated has already been explained in the first part of our report (paragraph 10 of Chapter I, page 6) and we adhere to it. Government should, if they consider it expedient, negotiate with the authorities of the institutions concerned and persuade them, if possible, to contribute their quota towards meeting the national exigency. For the present, we leave out of our calculation such savings as may be effected as a result of such action.

As regards inspection, the only reduction we can suggest is that the provision of Rs. 2,700 for additional staff and equipment in connection with inspection should be deleted.

(*ix*) *Medical.*—The senior Civil Surgeon is also Chief Medical Officer and gets a pay of Rs. 3,000 which is presumably shown in the public health grant. New Delhi also has a whole-time Civil Surgeon throughout the year. The other establishments consist of 7 Assistant Surgeons and 16 others including Sub-Assistant Surgeons, Compounders, clerks and servants.

Expenditure on Medical administration amounts to 5·32 lakhs as below :—

	Rs.	
(*i*) Medical establishments	69,600	
(*ii*) Hospitals and Dispensaries	1,08,300	(including Rs 19,000 grants-in-aid and Rs.10,200 for medical arrangements at New Delhi).
(*iii*) Other grants-in-aid, contributions and scholarships—		
(*a*) To Lady Hardinge Medical College	3,14,500	
(*b*) Scholarships to students of the above College	900	
(*c*) Grant for venereal diseases	5,000	
(*d*) Payment to Medical College, Lahore, for the cost of tuition of Delhi students	17,100	
(*iv*) X-ray Institute (in charge of an Assistant Surgeon)	16,600	

Medical expenditure has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1·11	3·32	3·37	5·08	5·45	5·18	5·32	5·57	5·32

The Chief Commissioner has offered savings of Rs. 800 on non-voted allowances and of Rs. 18,589 from certain voted items. They do not, however, appear to be of a permanent character. Permanent savings of Rs. 24,680 have since been offered by the Home Department under this grant.

Our proposals are :—

(*a*) We have already proposed [Chapter XIX, paragraph 7 (*i*), page 47, Part I of our Report] that one Civil Surgeon should move with the Government of India between Delhi and Simla. By way

of an explanation we may add that we had in mind the fact that the policy of locating some offices at Delhi and some at Simla permanently would add to the work at both places or, to put it in other words, that three officers would have to do the same work as has till now been done by four. We have taken account of a saving of Rs. 12,000 on this account under the grant for Medical Services, and therefore shall estimate the saving under the Delhi grant at only Rs. 6,000, the total of Rs. 18,000 being just about one-half of the provision for the pay of the two Civil Surgeons at Simla.

(*b*) The Chief Medical Officer gets a special pay of Rs. 250. We find that this is the usual special pay given to a Civil Surgeon for acting as Chief Medical Officer. In this grant, however, we find no provision for it under Medical, though we find there is a provision for a special pay of Rs. 250 p. m. under public health (Account VIII). If, as is likely, the special pay is given to one of the Civil Surgeons for acting as C. M. O., we urge that it should be abolished. If on the other hand it is for public health work and if the post of Assistant Director, Public Health, is abolished as proposed by us [*vide* below], the question of giving some special pay *specifically for public health work* may be reconsidered.

(*c*) As regards all other medical expenditure, we would accept the savings offered by the Home Department, *viz.*, Rs. 24,680.

(*d*) As regards the grant-in-aid to the Lady Hardinge College we have no objection to Government negotiating with the authorities of the College with a view to its reduction.

On our proposals, total savings will be Rs. 30,680, or, say, ·31 lakh.

(*x*) *Public Health.*—This is in charge of the Chief Medical Officer who presumably gets a special pay of Rs. 250 per mensem for it. In addition to this, New Delhi has a whole-time Assistant Director of Public Health, costing Rs. 15,000 assisted by a Sanitary Superintendent (Rs. 550) and two clerks. Outside New Delhi the arrangements are entrusted to the local bodies to whom special grants-in-aid are given.

The total expenditure aggregates 2·07 lakhs as below :—

	Rs.
(*a*) Pay of officers and establishment (Rs. 3,000+15,000+9,500+600 for passage)	28,100
(*b*) Travelling allowances	5,600
(*c*) Half cost of Health Officer and his Assistant	9,000
(*d*) Share of cost of Sanitary arrangements	50,000
(*e*) Public Health grants to local bodies	59,000
(*f*) Grant to Municipal Committee, Delhi	17,000
(*g*) Grant to Delhi Health School	6,000
(*h*) Expenditure for epidemic diseases	21,100
(*i*) Bacteriological Laboratory	11,200

Expenditure has grown as below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1·20	·84	·27	·66	1·43	2·21	1·96	1·84	2·07

The Chief Commissioner originally offered a saving of Rs. 13,610 but it is not known how much of it was of a permanent nature. Home Department is now prepared to offer a permanent saving of Rs. 20,730.

Our proposals are :—

(*a*) We cannot understand why a clean healthy area like New Delhi with its wide spaces should need a very expensive health officer of the status of an Assistant Director of Public Health on Rs. 1,250 per mensem and, in addition, a Sanitary Superintendent on Rs. 550 per mensem. The former post should be abolished, saving Rs. 15,000. The Chief Medical Officer of Delhi should, as Director of Public Health, be able to supervise health work over the entire district. In this connection paragraph (*ix*) *supra* may be seen. A Sanitary Superintendent of the present status should suffice for New Delhi in any case ; but if the C. M. O. cannot be given health work, and if, as we have proposed, the Assistant D. P. H.'s post is abolished, the appointment of a somewhat senior health officer on about Rs. 750 per mensem might become necessary. For the present we assume a saving of only Rs. 15,000 and not of Rs. 15,000 + 3,000.

(*b*) A reduction of at least 10 per cent. in the provision of Rs. 82,000 for grants to local bodies (Rs. 76,000) and to the Delhi Health School (Rs. 6,000) should be made, saving Rs. 8,200. In the light of the Chief Commissioner's original offer we think that the saving will be much larger than this.

(*c*) A similar reduction should be made in the provision of Rs. 12,200 for " Other charges—Miscellaneous " under Epidemic Diseases.

(*d*) Such other economies not included in our proposals above as have been offered should be accepted.

(*e*) We estimate that the total savings will be nearly Rs. 30,000.

(*xi*) *Other expenditure.*—This part of the grant, *viz.*, Account IX, aggregates Rs. 4,77,500. The table below shows its elements and the growth of expenditure on each :—

——	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Najafgarh Jhil .	..	·05	·06	·05	·02	·02	·05
Ecclesiastical . .	·30	·26	·21	·25	·18	·19	·22
Political . . .	..	..	..	..	...	·13	·22
Horticulture . .	·14	·31	·52	·47	·52	·35	·39
Veterinary . .	..	..	..	..	..	·11	·14
Co-operative . .	..	..	..	..	..	·14	·17
Industries . .	·10	·10	·12	·14	·25	·27	·32
Boilers and Factories.	..	·01	·02	·03	·03	·03	·04
Miscellaneous . .	4·20	3·98	3·69	3·74	3·64	3·63	3·22

Under "miscellaneous," grants-in-aid are the largest item of expenditure, being over 80 per cent. of the total provision for 1931-32.

Home Department has offered Rs. 2,09,238, mainly on grants-in-aid, out of the total provision of Rs. 4·775 lakhs. We have no detailed information on this subject, but, presuming that the cause of Local Self-Government will not suffer thereby, we recommend that this offer may be accepted. If it does not include savings on petty establishments, we think an additional Rs. 5,600 should be saved under petty establishments. On our proposals relating to Ecclesiastical the provision of Rs. 22,400 for Ecclesiastical—Delhi should almost entirely go, leaving only about Rs. 2,240. Thus, total savings under this Account should be 2·09 + ·06 + ·20 = 2·35 lakhs.

(7) *Summary of savings.*—On our proposals the total reduction of expenditure (in lakhs) under this grant will be—

(*a*) Chief Commissioner and his establishment ·81, (*b*) District administration ·63, (*c*) Direct demands on Revenue ·24, (*d*) Justice ·17, (*e*) Jails ·21, (*f*) Police 1·20, (*g*) Education ·03, (*h*) Medical ·31, (*i*) Public Health ·30 and (*j*) Other heads 2·35 = 6·25 lakhs.

We consider that there is still some scope for economy under Account IX, but we are unable to analyse the position in detail. If this as well as such savings as may be effected in the grants-in-aid (especially non-recurring grants) to educational institutions and the Lady Hardinge Medical College are taken into consideration, we hold that the total reduction of expenditure for the 1932-33 budget will be over 6·25 lakhs. Further, we think that in a budget of the character and size of this grant there should be a *minus* provision for "probable savings". Although we ourselves make no such "deduct" provision, there should be room for Finance Department to do so, even after effect is given to our proposals.

CHAPTER XVIII.

GRANT NO. 82.—ANDAMANS AND NICOBAR ISLANDS (41·22 LAKHS OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS, 45·73 LAKHS).

(1) *Introduction.*—These islands form a natural chain of a number of islands, some of which are very small, in the eastern part of the Bay of Bengal. Their total area is 3,143 square miles. The damp hot climate, equatorial in type, is enervating and, broadly speaking, unsuitable to people from most parts of India. Most of the area is still covered by dense equatorial jungle. The interior gives shelter to some savage aboriginal tribes, whose numbers are not known. The islands produce some valuable timbers. There are about 2,200 square miles of virgin forest, at least two-thirds of which is estimated to be capable of profitable working. The configuration of the islands is exceptionally favourable both for the extraction and the shipment of timbers. Cocoanuts are the principal produce of the Nicobars. The arable area is extremely small. Port Blair in South Andamans is the chief harbour.

The following table shows the population of the islands—(*i*) convict and (*ii*) total—and its sexwise distribution and its growth during the census decade 1921—1931 :—

Year of Census.	Total population.			Convict population		
	Male.	Female.	Total.	In Jail.	Out of Jail.	Total.
1921	20,793	6,293	27,086	..	..	11,532
1931	19,702	9,761	29,463	485	7,053	7,538

We are informed by the department that the islands are of considerable strategic value for the navy. They are treated as a minor administration under the control of a Chief Commissioner assisted by a Deputy Commissioner, three Assistant Commissioners, a Revenue Assistant, a Personal Assistant, an agricultural officer and a part-time medical superintendent.

The Chief Commissioner is treated as a Local Government, even though he has not got the financial powers of a Local Government. He is also the sessions court and tries all murder cases.

The staffs for medical, police, marine, commissariat, jail and other departments have been described in the relevant portions of paragraph 7.

(2) *Convict Policy.*—Port Blair in South Andamans has been used since 1858 as a penal settlement for prisoners from India sentenced to transportation. Under the system in force prior to 1921 a convict used to be kept in the cellular jail for the first six months after his arrival in the Andamans. Thereafter for a period of 9½ years he remained a member of a labour corps, lived in barracks, was fed and clothed by the State and earned a small gratuity in cash. After that he earned a " ticket of leave " and was allowed to live a semi-independent life and to earn his livelihood. After a total period of 20 to 25 years he was released and had to leave the settlement. In addition to the convict population there was even before 1921 a permanent population of " local-born " persons (about 3,000 according to the 1921 Census), who found private employment in the islands as cultivators, traders or Government employees

Since 1921 Government's accepted policy is to gradually abandon the Andamans as a penal settlement and to develop it as a free colony. In pursuance of that policy Government have taken the following measures. To start with, as many as possible of the convicts who had suffered in health or had proved incorrigible in conduct were transferred to jails in India. Transfers from India were severely curtailed and almost completely stopped. Convicts were given various inducements to stay on as free settlers, *viz.*, relaxation of conditions, grant of " tickets of leave " after a short period of probation and facilities for getting the convicts' wives from India. Tickets were also granted to convicts retained on Government work whereby they were paid wages on a sliding scale according to skill. Convicts on the " rations and free clothing " basis were granted relaxations designed to remove the stigma of the convict state. Efforts were made to induce convicts to import their wives and families and also to obtain convicts in Indian jails to volunteer for transfer to the Andamans. The success of the attempt to provide a population by the settlement of married convicts is open to question.

In the interests of the free population a new Regulation was promulgated rendering it possible to give grants of land with scope for development on a tenure which could extend up to 60 years and to enable small holders to obtain occupancy rights under easy conditions. Convicts cultivating holdings were given the right to acquire from the day of their release occupancy rights in the holdings cultivated by them. These measures gave considerable stimulus to agriculture and cocoanut and other plantations. Government also decided to reclaim certain swamps in the neighbourhood of the more thickly populated parts of the Settlement.

The result of this policy has been a decline in the number of convicts and an increase in that of the free population and also a change in the mental outlook of the convict resulting in his bearing and conduct, his capacity for work and his general health. The areas under cultivation and plantations have grown substantially. There is a larger proportion of self-supporters than before.

(3) *Cost.*—The 1931-32 provisions for Account I which relates to the so-called " Convict Settlement charges " and Account III which relates to stamps inspections of motor vehicles and taqavi loans are 27·49 and ·11 lakhs respectively. The provision for Account II relating to Forests is 14·62 lakhs. The total provision thus amounts to 42·22 lakhs after taking into consideration the deduction of 2 lakhs made under Forests for " probable savings ". Besides, there is a total provision of 3·51 lakhs included in other grants, *e.g.*, census, civil works, pensions, refunds, etc. Total 45·73 lakhs.

The following table shows the increase or decrease of expenditure (in lakhs) on the administration of the islands :—

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Convict Settlement Charges.	16·12	34·91	27·13	26·09	26·69	23·78	23·87	29·37	32·40	27·49
Forests . . .	2·75	12·87	11·54	11·34	12·20	14·50	13·29	16·87	18·35	14·62
Account III-Stamps and Miscellaneous.	..	..	..	·05	·05	·05	·10	·10	·10	·11
Civil Works . .	1·67	1·00	2·62	1·35	1·35	1·57	1·49	2·08	3·40	3·28
Pensions . . .	*	·03	·06	·09	·06	·06	·07	·05	·05	·06
Total .	20·54	48·81	41·35	38·92	40·35	39·96	38·82	48·47	54·10	45·56

Note.—For a true picture of the growth of expenditure certain adjustments must be made, *viz.*, (*i*) the cost of the R. I. M. vessel included in the figures for steamers and station ships should be excluded, (*ii*) the recoveries on account of commissariat up to 1926-27 should be excluded and (*iii*) the non-recurring portion of civil works should be excluded. In the absence of the necessary detailed information we do not attempt to give precisely adjusted figures.

(4) *Growth of cost.*—There is, however, no doubt that the expenditure on the administration of the islands as a free colony has grown. Mr. Jukes remarked that between 1924-25 and 1929-30 there had been " a true growth of approximately 12·35 lakhs, of which 8·75 represents non-recurring items. Of the balance of 3·60 as much as 2·37 under Forests is more than covered by growth in forest revenues and the residue of 1·23 is the result of the policy of developing the islands as a free settlement ". Mr. Jukes' remarks were based on the 1929-30 budget figures. Compared with these the 1931-32 provisions show growth or decline of expenditure as below :—

(*i*) Superintendence ·58, (*ii*) Medical ·13, (*iii*) Police ·10, (*iv*) Marine *minus* 1·21, (*v*) Commissariat *minus* ·10, (*vi*) Miscellaneous ·08, (*vii*) Miscellaneous jail charges *minus* 2·32, (*viii*) Steamers *minus* ·35, (*ix*) Works *minus* 1·07.

would only offer certain explanations for a correct understanding of these figures.

The provision for " convict subsistence allowance " (*viz.*, ·25 in 1931-32) in the budget for " superintendence " is a new feature arising out of the present convict policy and to a certain extent is a set-off against the decline of expenditure under jail charges. The provision for " marine " varies according to the need for repairs and for supplies. Commissariat charges in 1929-30 were gross and not net. Miscellaneous jail charges should go down as the accepted convict policy gets time to work itself out. The only important changes in regard to the station ship are that the charter money has gone up from 2·82 to 3·39 owing to a steamer of larger capacity being chartered ; the estimated recoveries from the Forest Department are also less. As regards " works " the provision has varied mainly according to the estimated need for money for the reclamation of salt swamps.

(5) *Revenue.*—The revenue of the islands is shown in the following table. Practically speaking, the whole of it is derived from forests. The revenue shown under " jails and convict settlements " contains little besides the adjustment of recoveries from other departments on account of the hire of convicts and the sale of stores. Prior to 1926-27 recoveries from the Forest Department on account of the services of the steamers were credited as Forest Revenue ; these are now shown as a deduction from the expenditure on the steamers.

	1913-14.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Taxes on Income	..	·14	·13	·13	·14	·14	·15	·18	·17
Land Revenue	..	·39	·47	·36	·49	·66	·60	·64	·64
Excise	..	·04	·07	·06	·10	·17	·16	·17	·17
Stamps	..	·05	·05	·05	·05	·06	·06	·07	·07
Jails, etc.	..	5·33	4·31	1·89	2·77	1·86	2·54	2·75	2·74
Forests	..	7·26	8·91	11·71	14·18	15·01	20·07	19·23	20·15
Civil Works	..	..	·05	·07	·11	·19	·11	·09	·18
Miscellaneous	..	..	..	..	..	..	..	..	·02
Total Revenues	8·84	13·21	14·00	14·28	17·34	18·09	23·74	23·16	24·17
Total Expenditure	20·54	41·35	38·92	40·31	39·96	38·81	46·35	50·66	42·22
Excess of Expenditure	11·70	28·14	24·08	26·03	22·62	20·72	22·61	27·50	18·05

(6) *Departmental proposals.*—The following reductions have been proposed under the various heads excluding forests, *viz.*,

	Rs.
A. Superintendence	17,160
B. Medical	16,980
C. Police	13,100
D. Marine	1,600
E. Commissariat	23,500
F. Miscellaneous	3,600
G. Jail Charges	70,440
H. S. S. Maharaja	25,000
I. Station Ship	31,000
J. Works	3,23,000
Total	5,25,380

The total expenditure under these heads amounts to Rs. 27,49,000 and the proposed cut works out to about 19 per cent. Excluding J—works, the cut amounts to about 12 per cent.

As regards Forests, the department holds that no considerable reductions can be made without affecting the revenues which amount to Rs. 20 lakhs against an expenditure of about Rs. 14½ lakhs, but the department remarks that a saving of Rs. 50,000 may be effected.

(7) *Our proposals :—*

(A) *Account I.*

(*i*) *Superintendence.*—(*a*) As in the case of Delhi, we think the administration of these islands should be placed on the footing of a district. We realise that the head of this administration may sometimes have to take decisions on important questions and act on his own initiative. Even then we think that a senior district officer should suffice. He may be called Commissioner but his pay should be on the senior I. C. S. scale (which applies to army officers holding posts borne on the I. C. S. cadre) *plus* a special pay of about Rs. 250. We may add that prior to 1920 the pay of this post was Rs. 2,500—100—3,000.

Apart from the Chief Commissioner, there are 7 officers, *viz.*, A Deputy Commissioner, 3 Assistant Commissioners, a Revenue Assistant, a Personal Assistant to the Chief Commissioner and an Agricultural Officer. For a total population of about 27,000 we consider a general administration on this scale excessive and we propose that the number of these officers should be reduced from seven to six. The provision of Rs. 1,800 for Medical Superintendence should be deleted. The Civil Surgeon's total emoluments appear to us to justify our proposal.

On these proposals the savings would be about Rs. 36,000 *plus* Rs. 1,800 =say, ·38 lakh.

(*b*) In 1929-30 and 1930-31, establishments numbered 71 and cost ·78 and ·86 lakh respectively ; for the current year the strength is 78 and the cost 1·30 lakhs. We observe that the sudden growth of expenditure is mainly due to the introduction of " convict subsistence allowance." But even if this provision were omitted from calculation, the cost would still be 1·05. We do not think that the present accepted policy in regard to the Andamans justifies the growth of such expenditure so fast and we propose that the cost should be brought down by 15 per cent., saving nearly Rs. 19,000.

(*c*) As regards allowances, we observe that the actuals were Rs. 42,040 in 1926-27, Rs. 39,103 in 1928-29 and Rs. 58,330 in 1929-30. These included the Chief Commissioner's sumptuary allowance (sanctioned in 1925 for the first time), which on our proposals would not be needed any longer. Even if the head of the administration continues to be designated Chief Commissioner, we propose that it should be cut out, saving Rs. 2,400. The reduction of the number of officers and establishments proposed by us must involve the reduction of the provision of Rs. 66,700 for other allowances. We propose that the aggregate provision for 1932-33 should be reduced from Rs. 69,100 to Rs. 47,600

(*d*) The provision for grants-in-aid, contributions, etc., (A-4) should similarly be reduced by at least Rs. 1,200 ; this proposal assumes the reduction of two posts of officers entitled to the concession of passages for self and family.

(*e*) On our proposals the total reduction of expenditure will be ·81 lakh as against Rs. 17,160 offered by the Home Department.

(*ii*) *Medical.*—The 1931-32 provision is 1·78 lakhs against ·88 in 1926-27, 1·30 in 1928-29 and 1·66 in 1929-30. There are now five medical officers ; in 1928-29 there were three and in 1929-30 four. The cost on account of the pay of medical officers has gone up from Rs. 35,321 in 1928-29 and Rs. 41,463 in 1929-30 to Rs. 60,200 in the current year. The islands have as many as nine civil and convict hospitals and ten dispensaries. Home Department has offered a permanent saving of Rs. 16,980. We do not consider this adequate. In our opinion the budget has grown too fast. After making due allowance for various considerations, we think the medical expenditure should be brought down to the level of 1928-29, *i.e.*, to 1·30 lakhs. Savings Rs. ·48 lakh. In this connection the special pay of Rs. 300 to the junior medical officers, who are drawn from the I. M. D., should be revised.

(*iii*) *Police.*—The Andamans police is largely military in character, and is manned by a Commandant (actual pay, Rs. 1,235 *plus* the Indian Army Allowance of Rs. 200 *plus* a special pay of Rs. 350) and a Deputy Superintendent (actual pay, Rs. 300 *plus* a special pay of Rs. 100). The force consists of 611 men and a boat crew ; only 54 of the men are the civil police. The following table shows the growth of expenditure :—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
2·53	2·61	2·64	2·55	2·71	2·91	2·95

Under the present accepted policy, we do not see the justification for the growth of expenditure under this head. In our view it should go down gradually. Home Department has offered a saving of Rs. 13,100. Further it has proposed to reduce the establishments by 40. We recommend that the provision should be reduced by 15 per cent., *i.e.*, by about Rs. 45,000.

The policy of employing an army officer as Commandant and paying him the army allowance and a large special pay should be revised ; we hold that the time has now arrived for initiating seriously the policy of converting the Andamans police from an armed military battalion into a civil police force.

(*iv*) *Marine.*—The islands have some harbours which necessitate the maintenance of a marine department ; the 1931-32 provision for this department is 1·72 lakhs net. The staff consists of an Engineer and Harbour Master (pay

Rs. 750) and an establishment numbering 72. The growth of permanent establishment and that of expenditure (in lakhs) other than that on the fluctuating item of marine supplies are shown in the following table :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
No. of establishments .	46	46	57	58	58	72	72
Total cost of "Marine"	·47	·48	·57	·63	·72	·76	·84

Home Department has offered a saving of Rs. 1,600 under the marine grant but we consider it quite inadequate. In our opinion a reduction of 10 per cent. (=17,230) is the minimum that should be effected.

The marine department supplies coal to the R. I. M. vessels also. The price charged for coal so supplied should be calculated so as to include a proportionate share of all overhead expenses, if this is not being done already.

(*v*) *Commissariat.*—This department is maintained for the supply of rations to the convicts and to troops and the police stationed in the islands. It also supplies meat, milk, flour and butter to the official population. It is administered by a Commissariat officer belonging to the Indian Army, who, in addition to his pay (actual pay, Rs. 655) gets a staff pay of Rs. 350 and a special pay of Rs. 100. The permanent establishment consists of 7. The following table shows the growth of expenditure :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay and allowances, passage and contingencies . . .	·18	·18	·19	·19	·19	·21
Supplies—						
Bakery	·07	·09	·08	·03	·08	·12
Dairy	·13	·12	·13	·18	·17	·46
Slaughter house . . .	·49	·38	·37	·09	·30	·57
Other charges . . .	2·32	1·30	·49	1·17	1·10	2·32
Recoveries	..	..	..	..	—·50	—·97
Net cost of supplies . .	3·01	1·89	1·07	1·46	1·15	2·50
Total cost	3·20	2·07	1·26	1·65	1·34	2·72

It will be observed that compared with the actuals of 1928-29, 1929-30 and 1930-31 the net total cost has gone up by over a lakh, and is almost double of the average (1·42) of those three years. The Chief Commissioner, while offering a total saving of ·23 lakh, explains this sudden and large growth as being due to the inclusion of freight charges. We cannot accept this or the statement that " the only fact which can lead to a marked reduction in the cost of these services is a decrease in the number of convicts " as a valid reason or a cogent explanation. The convict population is, we presume, declining and not growing. During the last few years prices too have been declining and not rising. We agree with Home Department in holding " that further economies could be effected by tightening up control, *e.g.*, by *reducing wastage* and rigid scrutiny of indents, and would only add that prices for meat, milk,

flour, butter, etc., supplied to the police, the troops and the civilian population should be so regulated as to equalise them, as far as practicable, with prices which would be charged in a free competitive market. Action along these lines should enable the commissariat department to run without such heavy losses as appear to have been incurred. We propose that the net budget should be brought down to about the level of 1928-29, saving 1·46 lakhs in place of the saving of Rs. 23,500 offered by Home Department.

In this connection we think that a cheaper agency should be employed for the administration of the commissariat. As the daily ration strength of the detachment of British troops stationed in the islands is only about 135 men, we do not see why the commissariat officer should be such an expensive army man. We may explain that the present officer's pay is Rs. 655 and his extra emoluments, *viz.*, 350 and 100, amount to over 70 per cent. of his pay.

(*vi*) The miscellaneous departments maintained in the islands and their cost are shown in the following table :—

	1924-25.	1926-27.	1928-29.	1929-30.	1930-31.
Veterinary	·04	·05	·07	·08	·10
Education	·24	·27	·40	·44	·54
Treasury Registration, etc. .	·03	·03	·05	·04	·09
Total . . .	·31	·35	·51	·57	·73

The establishments consist of 2 veterinary assistants with some temporary establishment, 29 teachers, a treasurer and a clerk and a registration clerk.

We agree that with the growth of the " free " population and an increase in the number of children born in the islands the demand for educational facilities must grow. We therefore propose that the education budget should remain as it is. Expenditure on the other departments was ·12 lakh in 1928-29 and 1929-30 ; the 1931-32 provision for them is ·18. We think it should be brought back to somewhere near the level of 1928-29 or 1929-30. Allowing for growth due to the accrual of increments we think it should be reduced by the amount, *viz.*, Rs. 3,600, offered by Home Department on the whole of this portion of the grant.

(*vii*) *Miscellaneous jail charges.*—The 1931-32 provision for this is 6·90 lakhs and includes Rs. 20,500 for clothing, Rs. 39,600 for passage money and payments to witnesses attending criminal courts, Rs. 5,38,000 for subsistence money, Rs. 20,700 for forest supplies and Rs. 100 for jail press supplies. These items depend on the relative proportions of the convict population in and out of jail and for purposes of a true comparison we propose to leave them out of our calculation. The expenditure on the other items in this part of the grant has varied as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928 29.	1929-30	1930-31.	1931-32.
Pay of Establishments . .	·48	·45	·46	·50	·46	·51	·52	·53
Allowances of Establishments .	·04	·04	·04	·05	·04	·05	·05	·05
Contingencies . . .	·12	·12	·12	·12	·15	·13	·12	·11

The jail population has been declining and we think the strength of establishments should also go down ; in fact we observe that the present number, *viz.*, 30, is the same as in 1928-29. We agree with the Chief Commissioner and Home Department that the rate of subsistence money which used to be Rs. 11 per mensem should not be reduced below Rs. 10 per mensem. It is not possible for us to analyse the position further and we recommend that the saving offered by Home Department, *viz.*, Rs. 70,440 which includes about Rs. 60,000 on subsistence money for convicts out of jail, be accepted.

(*viii*) *Steamer "Maharaja".*—Government have chartered from the Asiatic Steam Navigation Company a steamer, the "Maharaja" which plies between these islands and Calcutta, Rangoon and Madras. The charter costs Rs. 4·34 lakhs a year. The only fluctuating items which are amenable to appreciable reduction are the cost of coal, Indian port expenses and "other charges". The provisions for these were Rs. 53,542, Rs. 68,321 and Rs. 21,360 in 1929-30 ; in the 1931-32 budget they are Rs. 60,000, Rs. 68,000 and Rs. 24,800 respectively. Against the gross expenditure there are recoveries, mainly from the forest department.

Home Department has offered a saving of Rs. 25,000, *viz.*, Rs. 16,000 on the cost of coal, Rs. 8,000 on port expenses and Rs. 1,000 on other charges. It is proposed to reduce the number of sailings between the islands and the Indian ports. We recommend that this offer be accepted. Since the prices of coal and other materials have fallen, we do not consider it at all difficult to effect the proposed saving.

We must, however, observe that *prima facie* the charter money, *viz.*, 4·32 lakhs appears to us to be extremely high for a steamer for this purpose. During the present trade depression steamers can be purchased cheap and in our opinion it will be a sound investment to buy up a steamer or two outright ; in 1930 the estimated capital cost of a steamer for this purpose was £60,000. The present charter expires in September 1933. We do not know whether there is any provision for terminating it after giving a stipulated or a reasonable notice. In any case we propose that the matter should be investigated.

(*ix*) *Station ship.*—The administration maintains a station ship, which plies mainly between the islands and makes trips to Rangoon and occasionally to Madras. It is also used for the transport of troops. To all intents and purposes it is a second steamer serving the islands. The charter costs Rs. 3,39,200 and the total provision is 4·54 lakhs gross and 2·04 net. This steamer was chartered only recently and therefore comparison with expenditure in previous years can afford little guidance. Home Department has offered a saving of Rs. 31,000, *viz.*, Rs. 15,000 on the cost of coal, Rs. 15,000 on Indian port expenses and Rs. 1,000 on other charges. It is also proposed to reduce the number of sailings. We recommend its acceptance. We also endorse the Home Department's suggestion that this ship should be used for the duty of tending lighthouses along the Burma coast. The need for a station ship should be re-considered.

(*x*) *Works.*—The 1931-32 provision is 3·23 lakhs. It was intended for the reclamation of certain salt swamps. This work has been completed at a total cost of 16·10 lakhs against the original estimate of 14 lakhs. It is unlikely that any provision will be needed for 1932-33. The budgetary position should therefore improve automatically by 3·23 lakhs in 1932-33.

(*xi*) In a budget of the character and size of this grant we hold that there should be a *minus* provision for "probable savings". In the original budget for 1930-31 there was a provision of 1·50 lakhs for this purpose ; in the revised budget the amount was reduced to 1 lakh. The 1931-32 budget has no such provision in this account, though we note that there is a minus provision of 2 lakhs in Account II. In our opinion there should be room for Finance

Department to provide for some " probable savings " in this account in the 1932-33 budget even after effect is given to our proposals. But, we shall leave out of our calculation such savings as Finance Department may be able to effect.

(*xii*) On our proposals the reduction of expenditure in Account I will be 7·90 lakhs.

(B) *Account II.*

(*xiii*) This account relates to Forests. The gross provision for 1931-32 is 16·62 lakhs, but there is a *minus* provision of 2 lakhs for "probable savings". The following table shows the rise or fall of expenditure on certain items relating to the exploitation of the forests in the islands :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Removal	7·41	7·45	7·36	8·07	8·12	9·60	9·70	11·15
Livestock, stores, etc. . .	1·33	2·04	2·45	1·56	2·18	1·73	1·63	1·45
Communications, etc. . .	·67	·11	·23	·03	·14	·10	·10	·16
Conservancy, etc. . . .	10·12	9·93	10·65	10·03	10·95	11·76	11·80	13·17
Establishments, etc. . .	1·41	1·42	1·55	1·45	1·66	1·54	1·57	2·11
Total of Account II .	11·53	11·34	12·20	14·50	13·36	16·87	18·16	16·62

The superior staff maintained consists of a Chief Forest Officer, two Deputy Conservators, five Extra Assistant Conservators, a Veterinary Officer and an Accounts Officer. The establishments number 84 to which has been added in 1931-32 an engineer and 18 others. It will be seen that the net cost of officers and establishments has jumped up from 1·57 in 1930-31 to 2·11 in 1931-32. Apart from a decrease in the share charged to " Capital ", the principal reasons for the upward jump are the appointment of the new staff and additional provision for temporary establishments.

Receipts from forests are estimated at 20·14 lakhs.

The Chief Commissioner offered for 1931-32 a saving of 1·46 lakhs from the net grant of 14·62 lakhs. A permanent saving of ·50 lakh has since been suggested by Home Department. We do not consider the offer adequate. For the exploitation of forests of this size the staff employed appears to us excessive, and in our opinion two officers' posts—A Deputy Conservator's and an Extra Assistant Conservator's—should be brought under reduction. We do not see the need for the new staff sanctioned with effect from 1931-32. There appears to be ample room for savings under head " A ", *i.e.*, " Conservancy, maintenance and regeneration ". We think it should not be difficult to repeat in 1932-33 the savings totalling 1·46 lakhs which the Chief Commissioner offered in respect of the current budget. We propose that the budget for 1932-33 should be reduced by 1·50 lakhs and the provisions under A-1 and B-2 should be specially scrutinised, so as to yield a saving of 1·50 lakhs in all.

(C) *Account III.*

(*xiv*) *Other expenditure.*—The only item of importance in this account is the provision of ·10 lakh for the writing off of irrecoverable taqavi loans. In respect of 1931-32 the Chief Commissioner offered to save Rs. 4,000 and

Home Department recommended the acceptance of the offer. We observe, however, that the actual expenditure was Rs. 9,600 in 1928-29 and Rs. 10,049 in 1929-30. We therefore propose to leave this Account as it is.

Summary of Savings.—On our proposals there will be a total reduction of expenditure of 7·90 *plus* 1·50 = 9·40 lakhs.

(8) *General scrutiny.*—In this grant we have found numerous cases of what appears to us to be over-budgetting and lack of adequate control over the growth of expenditure. As illustrations we may mention (*a*) the 1931-32 provisions for the bakery, the dairy, the slaughter-houses, other commissariat charges, cost of coal for the S.S. "Maharaja" and the station ship, (*b*) the fact that a larger-sized steamer was chartered for service as a station ship and (*c*) the growth of the staff, *e.g.*, the number of medical officers. Some decline of expenditure should have been the normal result of the present accepted policy in regard to the convict settlement; in fact we observe that, broadly speaking, the tendency is towards an increase. We have come to the conclusion that the entire position needs a thorough scrutiny on the spot by a Finance officer and we propose that it should be undertaken as early as possible. In this connection, the need for a second steamer to serve as the station ship should also be reviewed in the light of our observations in sub-para (ix).

(9) *Conclusions as to financial prospects.*—A striking feature of the administration of these islands is the very great excess of expenditure over revenues. This is the inevitable result of the past history of the islands as a penal settlement. The Inchcape Committee observed that the pre-war excess of expenditure over revenues, which was 11·70 lakhs, had threatened to grow to 34·48 lakhs and made proposals for the reduction of the gap by 4·43 lakhs. Even then the excess would have been about 30 lakhs. It has been substantially reduced since as a result of the new policy adopted in 1921. If the heavy outlay of 16·10 lakhs on the reclamation of salt swamps financed in the last three years be left out of account, the average excess of expenditure over revenues is gradually declining. The present policy should lead to a growth of forest and other revenues. Under the proposals we are making the gap will be narrowed still further to about 8 lakhs, so that, whether the islands are to remain as part of India proper or are to be made over to a separated Burma, they will cease to be the heavy financial burden which they have been in the past.

CHAPTER XIX.

GRANT NO. 86.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE SECRETARY OF STATE FOR INDIA, (34·77 lakhs).

GRANT NO. 87.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE HIGH COMMISSIONER FOR INDIA (75·14 LAKHS).

(1) *Explanation of grants.*—(A) The net grant of 34·77 lakhs for the India Office may be set out as below :—

(*i*) Salaries of establishments (27·09) *minus* recoveries from the British Exchequer (13·8)	14·01
(*ii*) India Office expenses-Postage and telegrams (1·03), contingencies (2·19), other expenditure (·17) *minus* recoveries (1·21)	2·18
(*iii*) Audit establishments (2·26) *minus* recoveries from the British Exchequer (·44) and portion chargeable to High Commissioner (1·03)	·79
(*iv*) Contribution to League of Nations (9·03) and other expenditure in that connection (·80)	9·83
(*v*) Miscellaneous civil charges of which stationery and printing (1·54 gross and 1·08 net) and Secret Service expenditure (1·07) are the largest single items	7·96
Total	34·77

(B) The High Commissioner's grant of 75·14 lakhs for 1931-32 consists of the following items (for details *vide* table in paragraph 8) :—

(*i*) High Commissioner and his office	12·80
(*ii*) Education Department	1·33
(*iii*) Stores Department	27·24
(*iv*) Trade Department	2·03
(*v*) Portion of cost of India Office Audit establishment . .	1·03
(*vi*) Grants-in-aid (·13), unforeseen charges (·03) and other charges (·35)	·51
(*vii*) Recoveries, *viz.*, (*a*) surcharges on stores for central "commercial departments" (2·61), and for provincial governments (2·41), (*b*) provincial share of cost of establishments for issue of leave salaries, pensions etc. (2·88) and of the Education Department (1·91)	—9·81
Net	35·13
(*viii*) Disbursements by High Commissioner on instructions from India—mainly leave salaries, pensions etc.	40·01
Total . .	75·14

(2) *Control.*—Though nominally the administrative control over the High Commissioner's Office is vested in the Commerce Department, the demand for the grant is presented by the Finance Department and in fact several departments of Government purport to control the various parts of it. Budget control as such must be ineffective.

The demand for the voted portion of the India Office estimates is presented to the Indian Legislature by the Finance Department. The Secretary of State is, however, empowered by section 2(2) of the Government of India Act, 1919, to "superintend, direct and control all acts, operations which relate to the government or revenues of India and all grants of salaries, gratuities and allowances and all other payments and charges out of, or on, the revenues of India", except where a devolution or delegation of his powers has taken place.

(3) *Historical.*—Prior to 1920-21 the India Office performed not only political functions but also " agency " work on behalf of the Government of India. Under the provisions of Section 22-A of the Government of India Act, 1919, a High Commissioner was appointed in 1920-21. The whole cost of his office was intended to be, and is, a charge on Indian revenues and he was to " perform for India functions of agency, as distinguished from political functions, analogous to those now performed in the offices of the High Commissioners of the Dominions ". Stores and Students' Departments and certain minor matters were transferred on 1st October 1920 and further transfers of work were made on 1st April 1921 and 1st April 1922.

Concurrently with the provision for the appointment of a High Commissioner, the Government of India Act as revised provided that " the salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his department may be paid out of the revenues of India, or out of moneys provided by Parliament ", and similarly, that the salaries and allowances of the members of the Council of India may be paid from either of these sources. A Committee appointed to consider the allocation of the balance of the expenditure of the India Office, after transfer of certain of its functions to the High Commissioner, recommended that :—

(*i*) the salary of the Parliamentary Under-Secretary of State as well as the salary of the Secretary of State be definitely placed on the British Parliamentary vote ;

(*ii*) in the case of the remaining expenditure a distinction be drawn between the charges incidental to the political and administrative duties of the Secretary of State, acting as a Minister, and the agency business still conducted by the India Office on behalf of the Indian authorities ; and

(*iii*) that under this arrangement the British Treasury be liable for —

(*a*) the salaries and expenses (and ultimately pensions) of all officials and other persons engaged in the political and administrative work of the office as distinct from the agency work, and

(*b*) a proportionate share determined with regard to the distinction laid down in (*a*) of the cost of maintenance of the India Office,

the exact sum payable under (*a*) and (*b*) respectively to be determined by agreement between the Secretary of State and the Treasury from time to time.

Detailed calculations to give effect to this settlement were worked out by a departmental committee which recommended that for a period of five years from the 1st of April 1920 the Treasury should make to the India Office an annual lump sum contribution which would remain constant for that period. In pursuance of these recommendations, the salaries of the Secretary of State and Parliamentary Under-Secretary are now charged on the Parliamentary votes and a grant-in-aid in respect of the India Office is made by the Treasury. The grant-in-aid for 1920-21 was, in the first instance, fixed at £72,000 on the basis of the 1920-21 estimates ; but later in the year, on the basis of a revised estimate submitted by the India Office, it was fixed at 136,000 per annum for the period 1920-21 to 1924-25.

Subsequently, in the course of 1921-22 as a result of a reduction in the rate of 'bonus' due to the fall in the cost of living, the Secretary of State in Council offered to relax the agreement to the extent of conceding to the Imperial revenues a proportionate share of any economy that could be effected in the estimates for 1922-23 as compared with the figures on which the subsidy was based. This resulted in the grant-in-aid being reduced to £113,500 which was distributed among the main account heads as follows :—

	Gross expenditure.	Contribution.	Net expenditure.
	£	£	£
General Administration . . .	252,700	101,400	151,300
Audit	13,700	5,800	7,900
Stationery and Printing . . .	14,000	6,300	7,700
Total . . .	280,400	113,500	166,900

This reduction did not take fully into account the reorganisation of the establishments then contemplated in the India Office on the lines laid down for the administrative offices of the British Government. If allowance had been made for this, the grant-in-aid would have been fixed at a sum of £122,000, representing a saving of £8,500 to Indian revenues.

(4) *Growth of expenditure.*—We have given under each grant various tables to show how expenditure has varied. Here we shall give some tables to show the variation of expenditure and the growth of staff in the India Office and the High Commissioner's office as parts of an organisation which was once unitary—

(*i*) The total establishments of the India Office just prior to the institution of the High Commissioner numbered 1,135, but this was an abnormally inflated number due to the aftermath of the war. In spite of the devolution and delegations in favour of the Government of India and the provinces and the inauguration of the Indian Stores Department the staffs in the two offices numbered 1,194 *viz.*, 690 in the India Office and 544 (including 16 men employed on temporary decoration work) in the High Commissioner's, in 1930-31. It should be noted that even since 31st March 1931 the High Commissioner's staff has increased by 14.

(*ii*) Again, in spite of the decline in salaries under the operation of the sliding scale, the gross cost of salaries in the two offices (excluding the Trade Commissioner but including the Stores and Education departments) has been (in thousands of pounds) :—

—	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
India Office . .	308	259	220	200	191	195	191	191	189	194	195
High Commissioner .	52	129	130	126	128	141	142	148	154	163	172
Total .	360	388	350	326	319	336	333	339	343	357	367

(*iii*) The growth of expenditure on certain incidental charges is shown in the following tables :—

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
P. and T. charges	2,853	3,356	1,969	2,101	2,237	2,726	2,198	1,800	1,970	1,866	2,100
Health Insurance .	695	807	363	695	837	893	887	807	776	872	900
Contingencies. .	4,128	7,453	6,137	6,444	7,324	5,334	5,526	6,344	11,873	15,503	17,100
Stationery . .	5,316	5,437	4,763	4,690	5,358	4,326	5,630	4,447	4,592	7,121	6,000
Total .	12,992	17,113	13,232	13,930	15,756	13,279	14,241	13,898	19,211	25,367	26,100

(*iv*) The following table shows the growth of the gross expenditure on the salaries of the staff of the India Office and the High Commissioner's office. The former set includes Audit costs and the latter includes salaries under all heads.

	Secretary of State.			High Commissioner.			
	Expenditure.	Recoveries.	Difference.	Expenditure.	Recoveries.	Difference.	Net total.
	£	£	£	£	£	£	£
1913-14	151,793	...	151,793	...	...	...	151,793
1918-19	220,336	...	220,336	...	...	...	220,336
1919-20	295,168	...	295,168	...	...	...	295,168
1920-21	323,022	...	323,022	51,671	...	51,671	374,693
1921-22	275,187	190,895	84,292	128,847	91,014	37,833	122,125
1922-23	234,300	107,200	127,100	129,227	70,730	58,997	186,097
1923-24	212,759	148,342	64,417	130,115	68,683	61,432	125,849
1924-25	204,780	149,087	55,693	133,631	65,319	68,312	124,005
1925-26	205,540	151,496	54,044	147,313	111,062	36,151	90,195
1926-27	203,505	126,115	77,390	150,411	123,812	26,599	103,989
1927-28	203,868	124,045	79,823	156,612	160,886	—4,274	75,549
1928-29	202,742	121,838	80,904	162,504	104,174	58,330	139,234
1929-30	207,229	119,004	88,225	176,450	118,174	60,276	148,501
1930-31	208,689	122,504	86,185	187,748	100,362	87,386	173,571
1931-32 (Budget) . .	220,125	118,200	101,925	189,675	73,575	116,100	218,025

We shall now deal with each of these grants separately.

(5) *Secretary of State's proposals.*—A Retrenchment Committee appointed by the Secretary of State in May 1931 (over which Sir Henry Wheeler presided) reported to him that (*i*) owing to the presence in the estimates of large items of an immutable nature, in particular the contribution of £67,725 towards the cost of the League of Nations secretariat, anything approaching an all-round reduction by ten per cent. either in the current year or in the immediate future was impossible, (*ii*) an immediate investigation in regard to the retrenchment of staff was undesirable in view of the imminence of the resumption of the Round Table Conference, (*iii*) the automatic operation of the sliding scale governing the cost of living bonus payable to the staff had reduced the net cost of the staff by approximately 7½ per cent since the period of stability in 1923—26, (*iv*) the possibility of effecting some reduction under telegrams, air mail, office repairs, lighting and fuel, house articles, books and periodicals, library and advertisements would be explored, (*v*) extended use of the wireless in replacement of the cable might be made, (*vi*) the reduction or even discontinuance of the contribution to the Indian Museum Collection at Kew might be examined, (*vii*) the possibility of retrenching expenditure on the personnel attending conferences (*e.g.*, International Labour, Disarmament, Opium and Drugs, Treatment of Foreigners) and the Assembly of the League of Nations should be investigated in India, and (*viii*) an effort should be made to secure the discontinuance of the annual contribution of £12,000 from Indian revenues in aid of diplomatic establishments in China.

The Secretary of State has intimated that he has accepted these conclusions and initiated action on the lines proposed. The question of reduction in the scale of allowances for Delegates and Advisers to International Conferences and the Delegates to the resumed Round Table Conference was taken up and some reduction was effected. He has added that the question raised in (*viii*) will be taken up in due course but no other saving in the grants for "Political" and "Frontier Watch and Ward" appears practicable.

The India Office states that the savings cannot be precisely estimated, but has promised that the greatest possible economy will be exercised.

Procedure followed by us.—The Secretary of State laid down the following procedure for us:—"If your Advisory Committee should wish to make any comment on this grant, they should be addressed to myself through your Government and not to the Government of India direct". Our official colleague Mr. Nixon suggested that we should await the report of the Secretary of State's Economy Committee and should not issue a questionnaire in regard to this grant but should "consider ourselves free to make any recommendations which we think fit". We accepted this suggestion. Apart from the bare summary in three pages in the Demands for Grants and a cable summary of the report of the Economy Committee mentioned above and of the conclusions of the Secretary of State and the action taken or contemplated by him on that report we had no information in regard to this grant. We have therefore had to base our proposals, not on our usual detailed scrutiny of each item but on broad *a priori* grounds.

(6) *Our proposals*:—We have shown above how expenditure on General Administration in England has grown. Considering that the work that was to be taken over by the High Commissioner was a strictly defined part of the work which used to be done till then by the India Office one should have expected as regards the combined expenditure of both offices nothing more than the normal growth of expenditure such as occurs in every Government department.

The Honourable Mr. (now Sir) Purshotamdas Thakurdas, a member of the Indian Retrenchment (Inchcape) Committee, 1922-23 stated the position as he visualised it in the following terms :—

> " These changes should be brought about forthwith, and then the India Office should cost nothing to the Indian Exchequer, on the principle laid down by the Committee, since the India Office would then be left with only political work, which has been approved as a fair charge on the British revenues."

We entirely agree with the view taken by Sir Purshotamdas Thakurdas that with the complete divorce of agency from political work in England the India Office should no longer involve any financial burden on Indian revenues. We do not, however, consider that it would be possible to bring about such a change immediately. We therefore propose that action should be taken early to bring it about in as short a period as practicable. As an earnest of action in the direction indicated by us, the Secretary of State's budget should be reduced by 25 per cent. on all items except those on which no retrenchment is possible (*e.g.*, the British National Health Insurance Scheme contributions).

(*ii*) In our opinion India's contribution of Rs. 9·03 lakhs towards the expenses of the League of Nations is unfair to India's relative position in the League and out of accord with her economic conditions. We consider that the Government of India should press strongly for a revision of the formula at present governing the contributions of members and that they should themselves devise a substitute formula so as to impose a substantially smaller burden on India than the present one. The necessity for action on these lines is all the more pressing in view of the contingent rise in the rupee cost to India consequent on the breakaway from gold. We recognise that it may not be possible for the Government of India to succeed immediately in bringing about the result we contemplate but we strongly feel that if suitable relief to India is not forthcoming within the next twelve months, India should seriously consider whether in her present financial stress she should not withdraw from the League.

(*iii*) There appears to be some possibility of reducing the expenditure under Miscellaneous Civil charges aggregating 7·96 lakhs. Although we are unable to estimate the probable savings in this part of the grant, such economies as may be effected may possibly suffice to meet the extra cost of India's contribution to the League of Nations' secretariat on account of the depreciation of the sterling and the rupee in terms of gold.

As regards the possibility of reducing other expenditure in England under the Secretary of State's control, *e.g.*, the provisions for political, Frontier Watch and Ward, we shall deal with it in the report dealing with the Foreign and Political Department.

(*iv*) The audit establishments maintained by the India Office serve the High Commissioner's Office also. Audit charges have grown as shown below :—

	1913-14.	1918-19.	1919-20.	1920-21.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31	1931-32.
	£	£	£	£	£	£	£	£	£	£
India Office	7,440	9,107	12,392	14,956	4,562	5,246	5,438	6,100	5,400	5,900
High Commissioner	...	...	...	...	7,500	7,500	7,500	7,500	8,000	7,700
Charged to Local Governments	...	...	...	...	3,525	3,437	3,437	3,400	3,500	3,400
Total	7,440	9,107	12,392	14,956	15,587	16,183	16,375	17,000	16,900	17,000

In spite of the decline of salaries owing to the operation of the sliding scale for the cost of living bonus the cost of audit has been rising even though very slowly. We think, the expenditure should be reduced by about *ten* per cent.

(7) *Summary.*—We estimate that our proposals will yield a saving of about 8 lakhs. (We have taken the gross provision for India Office establishments as one of the bases of our calculation.)

GRANT NO. 87.—HIGH COMMISSIONER.

(8) *High Commissioner's proposals.*—The following table shows in detail the reduction of expenditure which the High Commissioner hopes to effect during the current year.

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
A. High Commissioner's establishments (other than the Store Department and the Education Department)—				
1 Salaries—General	19,800	11,775	600	300
2. Salaries—Accounts Department	21,225	13,875	1,200	600
3. Expenses in connection with new Office	..	..	..	..
4. Mural paintings at "India House"	2,475	—	—	..
B. High Commissioner's office expenses—				
1. Postage and telegrams to India	2,100	..	150	..
2. National Health and Unemployment Insurance	—	900	..	—
3. Office contingencies, etc.	15,975	1,125	525	..
C. Education Department—				
1. Salaries	6,000	—	300	—
2. Other expenses	3,975	—	300	..
D. Colonial Departmental charges for issue of leave pay, etc.	750	..	..	..
E. Store Department—				
1. Salaries	45,525	56,250	3,300	2,925
2. Wages of artificers, labourers, etc.	16,500	—	975	..
3. Professional inspection of stores	55,350	—	2,700	..
3. Office contingencies, etc.	27,075	3,600	3,075	..
F. Trade Department—				
1. Salaries	3,750	3,900	150	..
2. Other expenses	3,975	225	150	..
3. Trade Commissioner in Europe	2,250	2,025	..	..
G. India Office Audit Establishment (portion relative to High Commissioner's work)	..	7,725	..	..

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
H. Deduct recoveries—				
1. Surcharges on stores supplied to commercial departments of the Central Government . .	—19,575	..	..	..
2. Surcharges on stores supplied to Provincial Governments, Local Funds, Indian States, etc. .	—18,075	..		..
3. Provincial Governments' share of the cost of the High Commissioner's establishment for issue of leave salaries, pensions, etc.	—21,600	..	..	
4. Provincial Governments' share of the cost of the High Commissioner's Education Department	—14,325	..		
I. Miscellaneous civil charges—				
1. Leave salary, etc., of Indian Establishments	49,650	210,300	..	
2. Allowances and fees to Scholars and Probationers . . .	6,150	..	..	..
3. Expenditure in connection with appointments to the Indian Services	975	..	..	..
Recruitment of personnel for Indian State Air Service .	3,225	..	..	..
4. Payments to Imperial Airways, Ltd., for Karachi—Delhi Air Service	25,950	..	..	..
5. Stationery and Printing—				
(*a*) Stationery, Printing and Bookbinding charges .	6,000	..	..	..
(*b*) Leave Salaries, etc. . .	2,625	1,200	..	..
6. Grants-in-aid	975	..	..	..
7. Unforeseen charges . . .	225	..	..	..
8. Other charges	2,625	..	..	..
Total, Grant No. 87 . .	251,550	312,000	13,425	3,825
			=17,250.	

The saving amounts to only £17,250 out of a grant of £563,550. It is admitted that even these savings will be effected only "by postponing certain maintenance charges and omitting all but bare necessities". The High Commissioner points out that the scope for savings is, practically speaking, limited to items A to F of the table and that the operation of the sliding scale for the cost of living bonus serves as an automatic measure of retrenchment. He considers that no reduction of staff is possible. Even in the case of his Stores Department, where the volume of work has admittedly declined, he has only offered savings of £850 in all on *salaries* (in addition to the anticipated savings on account of the reduction of the bonus payable), and has offered the following explanation as to why no further reduction of staff can be made at present :—

> "Although the volume of purchases has declined owing partly to reduced expenditure by indenting departments and partly to the extension of the rupee tender system, there is nevertheless a considerable amount of pre-contract work preliminary to local purchases

followed by post-contract work relating to the inspection of materials for which orders have been placed in India. This work is more complex than similar duties under contracts arranged here and involves more correspondence and general office work."

(9) *Our proposals.*—It will be convenient if we deal with the main branches of this office separately, *viz.*, (*a*) the High Commissioner's office proper, (*b*) Education Department, (*c*) Stores Department, and (*d*) Trade Department. Audit will be disposed of along with (*a*).

(*a*) High Commissioner's Office.

(*i*) It is difficult to get reliable figures of the cost of the office proper of the High Commissioner for the years up to 1928-29, since the head "salaries" in the Finance and Revenue Accounts includes salaries in the Stores and the Education departments. The following table gives such figures for the three years ending 1931-32 :—

	1929-30	1930-31.	1931-32.
Salaries—General	3·35	4·01	3·83
Salaries—Accounts	4·44	4·57	4·68
New office expenses*	27·38	4·30	..
Mural painting*	..	..	·33
P. and T. charges	·26	·28	·28
National Health Insurance . . .	·10	·12	·12
Contingencies	1·58	2·08	2·28
Colonial Department	·09	·10	·10
Stationery, Printing and Bookbinding .	·61	·75	·80
Total (omitting items marked*) .	10·43	11·91	12·09

(*ii*) The office is organised in departments with sections each in charge of specific classes of work.

In the General Department one section deals with deputation, study leave, facilities to Government officials not on deputation or study leave and to non-officials, another with questions relating to passage, passports, destitute Indians, lascars, a third section with recruitment cases (about sixty a year). Records, library, book purchase and publication work are in charge of another section, and registration work is in charge of an independent section.

The Accounts Department has ten different sections, and it has been pointed out that whereas the India Office used to classify leave pay under only four heads of account, the High Commissioner has to do so under 384 heads while sterling overseas pay accounts for another 340 heads.

The recently created "Public Department" has charge, *inter alia*, of the High Commissioner's international work.

(*iii*) The High Commissioner hopes to be able to effect savings of £900 and £1,800 in the General and the Accounts departments respectively, mainly owing to the lower bonus payable under the operation of the sliding scale. He has

also offered certain minor savings, *viz.*, £150 under postage and telegram charges, £600 under stationery and printing and £525 under contingencies. The last item involves the postponement of the cleaning of the exterior of the India House and of the supply of racks and shelves.

(*iv*) *Our proposals.*—In paragraph 4 we have given certain tables in support of our conclusion that the total expenditure of the High Commissioner's office and the staff controlled by him have both grown to an extent which demands serious retrenchment irrespective of the departmental view as to the irreducible minimum.

In the case of this grant also we are handicapped in making our retrenchment proposals since we did not have detailed information such as we had in the case of the other grants dealt with by us. We are therefore unable to give detailed reasons in support of our recommendations. We take our stand not so much on the ground that the staff is excessive for the work in hand as on the ground that the expenditure must be cut down in the interests of the tax-payer. We feel that the limit of the capacity of India to bear additional taxation has been reached and that she must no longer aspire to keep up her present standards and therefore her present scale of expenditure. We propose that the budget of the High Commissioner's office should be reduced by 20 per cent. as regards the items which are controllable. The total provision for such items excluding the provisions for the Stores department in the 1931-32 budget is 17·35 lakhs. A reduction of 20 per cent. on this amount would amount to 3·47 lakhs. Our proposal is essentially a " block " cut and is not based on a detailed scrutiny of each item but we may indicate a few specific directions along which, retrenchment can and may be effected :—

(*a*) The Deputy High Commissioner's post, even if it only replaced a Secretary's post, may be abolished. In the High Commissioner's absence the seniormost officer in the office can " deputise " for the High Commissioner, but he should get no extra emoluments on this account. This will yield a saving of nearly Rs. 27,000 on pay alone.

(*b*) The High Commissioner has a Private Secretary and a Personal Assistant. One of these posts might be abolished, saving about Rs. 5,000 to Rs. 6,500.

(*c*) Certain officers may be retired and their posts may be left vacant or be filled by junior men at the bottom. We may give a few examples :—

Designation.	Age on 31st December 1931.	Pay.
		£
Secretary	53½	975
Chief Accounting Officer . .	57¾	1,100
Assistant Chief Accounting Officer	56½	750

(*d*) We observe that the Indian members of the High Commissioner's staff drawing a basic pay of £400 a year or less get an overseas allowance of £50 a year. It has been pointed out to us that Indianisation of the staff has therefore involved an increase in the cost on account of the emoluments of the subordinate staff. The original estimated annual cost of this allowance was only

£650; in fact, we observe that it is now costing £3,000. We recommend (Mr. Ramsay-Scott dissenting) that this privilege should be abrogated. Its value to the Indian staff is small and it may serve only to supply a misleading analogy in defence of overseas pay to non-Asiatic officers serving in India. The Indianisation which, we think, the country has at heart is in the superior and not in the merely clerical posts.

(*e*) The "Public Department" may be absorbed into the General Department from which it was recently separated. It may be possible to appoint the present incumbent of the post of Secretary in the Public Department as Secretary, General Department, and to treat him as entitled to "deputise" for the High Commissioner during the latter's absence.

(*f*) We also presume that the provision of Rs. 33,000 in the current grant for mural paintings in the India House will automatically cease.

(*g*) The 1931-32 provisions for contingencies, stationery and printing and postage and telegram charges are £17,100, £6,000 and £2,100 respectively. We think it should be possible to effect savings in these items in the High Commissioner's budget just as we hold it feasible to do so in the case of departments and offices in India. Even a twenty-five per cent. cut in these will still leave the provision at about the 1929-30 level, while yielding a saving of Rs. 84,000.

(*h*) Some saving is possible under "audit", the figures for which are not included in the figures on which we have proposed a cut of 20 per cent. On our proposal in paragraph 6 (*v*) the savings should amount to over ·10 lakh.

(*i*) A few more specific details can be given, but we consider it unnecessary to do so. Having regard to the financial position of India we propose that the High Commissioner should be called upon to reduce his expenditure so as to realise a total saving of 3·47 lakhs on the controllable expenditure other than that on the Stores Department. The specific suggestions made by us above give a saving of nearly 2·20 lakhs. In addition, we have suggested specific savings of ·60 on the Trade Department and ·45 on the Education Department. He has thus only about ¼ lakh more to save. Our proposal in (*v*) above offers a promising field for economy. We thus think, a total saving of 3·47 lakhs should not be difficult in a budget of 17·35 lakhs.

(*b*) Education Department.

(*i*) The staff consists of a Secretary (£700—900), five other officers and five clerks. Two officers' posts were created since 1929. A hostel is maintained at Cromwell Road, London, for the benefit of Indian students. The loss on its working was £401, £177 and £287, in 1927-28, 1928-29 and 1929-30, respectively.

(*ii*) The sterling expenditure of this Department has been :—

1913-14.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
2,811	3,326	4,743	5,195	4,934	4,678	4,545	3,269	3,144	4,092	3,714	3,227	8,900	10,400	10,000

The figures up to 1928-29 do not include the cost of salaries, which amounted in 1929-30 to £5,900.

(*iii*) In response to the Finance Department's call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his provision under this department by £600 including £300 on the repair and maintenance of the Cromwell Road Hostel.

(*iv*) We consider that the staff and expenditure of this Department are growing at a pace not justified by its real utility or even the growth of its work. Among Indian students its popularity is by no means universal and some of us are personally aware of the fact that it is not unusual for Indian students, especially those who have friends or other connections to help them in securing admissions, to avoid seeking its assistance. In our opinion a substantial curtailment of its activities will not injure the interests of the Indian student community, and we propose that its expenditure should be reduced by one-third, saving nearly Rs. 45,000.

For purposes of calculation we have lumped it with the expenditure, other than that of the Stores Department, which we have disposed of above.

(*c*) Stores Department.

(*i*) The administrative control over this branch of the High Commissioner's office is exercised by the Department of Industries and Labour as the department in control of the Indian Stores Department in India.

(*ii*) The following tables show the variations of the staff of, and the expenditure (in sterling) on, this department :—

TABLE A.—TOTAL COST.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
	£	£	£	£	£	£	£
(*i*) Proportionate cost of India House and Grosvenor Gardens charged to Stores.	17,746	18,787	18,438	20,750	21,221	18,817	20,860
(*ii*) Stores Department		142,688	139,588	143,585	148,751	152,100	155,386
(*iii*) Professional Inspection . . .	21,964	44,664	54,084	58,546	54,921	65,395	62,389
(*iv*) Stationery, printing etc. . . .	2,345	2,679	2,163	2,815	2,223	1,913	2,967
(*v*) Other "Miscellaneous" . . .	4,065	3,642	1,958	1,663	1,387	1,308	1,316
		212,460	216,231	227,359	228,503	239,533	242,918
Deduct recoveries on account of packing charges	...	12,353	17,904	11,610	...	...	...
Net total cost . .	...	200,107	198,327	215,749	228,503	239,533	242,918

TABLE B.—COST OF STORES DEPARTMENT PROPER.

	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
(*i*) Cost of Staff	99,992	98,021	1,00,479	1,05,159	1,10,358	1,12,399
(*ii*) Wages of labourers . . .	21,546	21,115	21,545	19,707	19,103	18,380
(*iii*) Upkeep-Contingencies . .	15,950	15,252	16,361	19,158	18,002	19,880
(*iv*) Interest on assumed capital cost of premises.	5,200	5,200	5,200	4,727	4,727	4,727
Total .	1,42,688	1,39,588	1,43,585	1,48,751	1,52,100	1,55,386

TABLE C.—COST EXCLUDING SALARIES.

Excluding salaries the cost of the Stores Department was (in thousands of pounds sterling) as below :—

1913-14.	1919-20.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
27	49	88	42	64	58	83	89	95	92	216*	215*	204*

*These figures include salaries which, as shown by the preceding table account for a little under half the total expenditure.

TABLE D.—NUMBER OF STAFF.

		1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Staff	Permanent	147	147	154	157	155	156
	Unestablished	76	88	83	82	82	81
	Temporary	20	17	19	17	18	21
Labourers	Permanent	87	87	87	86	86	84
	Unestablished	54	52	49	46	33	38
	Temporary	*Nil*	2	2	1	10	1

(*iii*) Originally the High Commissioner stated that he was not able to decide what the size of this department should be in view of (*i*) the introduction of the rupee tender system from 1st January 1931 and (*ii*) the fact that the restricted purchase of stores by India in recent years was an abnormal phenomenon. He has, however, since appointed a small committee to examine the scope for economy.

(*iv*) *Our proposals.*—(*i*) The figures quoted by us clearly show that this department has been allowed to grow at an abnormal pace. The setting up of the Indian Stores Department from 1st January 1922 was for a while reflected in the cost of the department. But, since 1924-25 the growth has been rapid and sustained. We can see little justification for it. The Indian Stores Department must have materially relieved the London Department of work that it had to perform before 1922. The rupee tender system must help to relieve it still further. The cost of the department should therefore go on declining ; in fact it has been growing apace.

Were it a mere question of ordinary retrenchment, we would perhaps not be prepared to recommend a substantial curtailment of its activities all of a sudden. But, in our opinion the existence of this Department seriously detracts from the utility of the Indian Stores Department. Instead of being an agent of the latter for the purchase and inspection of European stores, it tends, by its very existence, to act as a rival to it. Certain departments, especially the Railways and the Army, which might otherwise learn to rely on the Indian Stores Department, tend to purchase non-Indian stores through the London Stores Department. We therefore recommend that its staff and activities should be substantially curtailed in the interests of Indian industries. We have had the benefit of the oral examination of, and a detailed note by, the present Chief Controller of the Indian Stores Department, who has some experience of the working of the London Stores Department and we accept his view that

even for the purposes of the 1932-33 budget the following economies in or on account of this department are possible :—

Head.	Sub-head.	Estimated savings in 1931-32.*	Estimated savings in budget estimates, 1932-33.
		Rs.	Rs.
	High Commissioner's Establishment.		
A.	A. 2. Salaries—Accounts Department .	..	16,000
	Stores Department.		
E.	E. 1. Salaries	83,000	3,43,800
	E. 2. Wages of Artificers, Labourers . .	13,000	55,000
	E. 3. Professional Inspection of Stores—		
	Fees	..	6,213
	Actual Expenses	36,000	2,00,000
	E. 4. Office Contingencies . . .	41,000	1,00,000
	Total	1,73,000	7,21,013

*This saving may not be possible now, though we think it was so when the note was written.

Meanwhile the Department should be thoroughly overhauled and re-organised. Its cadre should be reduced to the bare minimum necessary for the services likely to be demanded of it under the revised system of purchase of India's requirements. Its functions should, broadly speaking, be confined to :—

(1) Inspection during manufacture and before shipment of such stores ordered by purchasing authorities in India as require inspection before arrival in India.

(2) Arrangements for the supply of " Military Stores " until such time as the rules regarding this class of stores have been modified.

(3) Arrangements for the supply of any stores of a special or unusual character which cannot be economically obtained under the rupee system of purchase.

(4) Assistance to the Education Department of the High Commissioner's office in obtaining facilities for practical training for Indian students.

(5) Assistance to purchasing departments in India in the matter of market intelligence, capacity and standing of manufacturing firms in Europe, etc.

(6) Assistance to purchasing departments in India in connection with the distribution of their invitations to tender, examination of tenders, etc.

We think that when it is reorganised on these lines, the Stores Department should not cost more than about 15 lakhs (=£112,500) a year. Even this figure will be a liberal provision when the actuals of the years upto 1924-25 (making allowances for the addition for salaries) are kept in mind.

Meanwhile we consider that the present expensive system whereby stores purchased are sent to the depot at Lambeth and are unpacked, examined and repacked there needs an overhaul in the light of the facilities for testing etc. now available in India. The disposal of the wharf and the depot should also be considered in that connection.

(*v*) *Summary of savings.*—About 7¼ lakhs in 1932-33 and about 12¼ lakhs when the reorganisation is completed. We shall take the former figure into our calculation of the immediate reduction of expenditure in the High Commissioner's Office.

(*d*) Trade Department.

(*i*) This department was set up during the war and though its expenditure appeared in the Secretary of State's grant, it had a separate office. It is now a branch of the High Commissioner's office in charge of the Indian Trade Commissioner and its work consists of (*i*) commercial "intelligence", (*ii*) work on Committees, and (*iii*) publicity. An exhibition hall and a commercial samples room are maintained. It also controls the work of the Indian Trade Commissioner at Hamburg and will control the work of the other Trade Commissioners when these offices are established. In this connection our remarks in Chapter IX, paragraph 6 (*vii*), may be seen.

(*ii*) The following are some of the important details regarding the organisation of this department. The superior administrative officers are a Trade Commissioner and a Deputy Trade Commissioner. The other officers are a Timber Adviser (largely for the sale of timbers from the Andamans) a Mineral Adviser (part-time), a Publicity Officer, an Executive Officer and a Curator. A retired officer of the Indian Forest Service is on special duty connected with the shellac enquiry and besides his pension, gets £500. This cadre of officers costs a little under £6,000. The clerical staff costs a little over £1,400 and the provision for participation in fairs and exhibitions, including the British Industries and the Milan fairs, is £2,600. Travelling allowances and publicity work cost nearly £1,000. Total about £11,000.

The Hamburg Office costs £4,300 including £1,750 for the Trade Commissioner's pay and allowances and £850 for the pay of the staff.

(*iii*) The expenditure on the Trade Department has grown as below :—

1913-14.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£
4,854	6,481	8,339	9,153	9,693	4,117	2,425	2,475	4,190	6,114	9,676	9,900	12,200	15,200

It will be seen that the expenditure was materially reduced in 1923-24 and 1924-25 but has since been growing apace, and now stands at a figure over 50 per cent. higher than in any previous year up to 1929-30.

(*iv*) In response to the call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his allotment by £300, *viz.*, £150 under pay and £150 under other expenses.

The following items have been suggested as offering a possible field for economy :—

(*i*) Posts of Deputy Trade Commissioner and of the Publicity Officer,

(*ii*) Some clerical posts,

(*iii*) expenditure on fairs and exhibitions.

(v) *Our proposals* :—

(*a*) We have considered the question whether the Deputy Trade Commissioner's post need be maintained. We observe that an Indian member of the Indian Civil Service is holding it. If, as we presume, selection for the post of the Indian Trade Commissioner is to be made from the cadre of Indian Trade Commissioners, the post of the Deputy Trade Commissioner, London, might be abolished for the present. It might in that case be possible to send the present incumbent to Milan if he possessed the necessary qualifications, and there would be a saving of about £1,200. But, if our presumption is not correct, the abolition of the post would affect adversely the prospect of an Indian succeeding the present incumbent in the Trade Commissioner's post, and we would not recommend the abolition. For the present we presume that the saving can be effected without taking the risk mentioned above. We shall not, however, assume that this officer will go to Milan, when that office is opened.

(*b*) We have reason to believe that at present the Timber Adviser is not in a position to do very much to advance the interests of the Indian, especially Andamans, timbers. The sanction for this post expires at the end of the current financial year. We recommend that the appointment should not be renewed when its present term expires. The saving will be £800.

(*c*) The Mineral Adviser, a retired officer of the Geological Survey of India, gets £2 a day when in attendance. Considering the trade depression in minerals we think a saving of about half the provision of £425 should not be difficult. We are disposed to think that it might be feasible to engage the officer on the basis of a yearly honorarium so as to effect a permanent saving of about £200.

(*d*) We further think that the shellac enquiry should be held in abeyance for the present. The non-renewal of the provision for the special officer's pay will yield a saving of £500.

(*e*) Since there is an Assistant Publicity Officer, we think that the Publicity Officer's post might be reduced, provided that the Assistant is fit for, and could be given, duties other than merely clerical. This will yield a saving of nearly £600.

(*f*) Our specific proposals would yield savings of nearly £3,300. Adding savings on the pay of the clerical staff, a proportion of which would automatically have to be reduced and on the provision of £2,600 for fairs and exhibitions we estimate that a total saving of about £4,500 on the London Office is feasible. We think, the Hamburg office must continue to be maintained, but even there a saving of about £500 out of the provisions of £850 for the non-superior staff, £300 for T.A., £450 for contingencies and £650 for publicity (mainly the Leipzig fair) is not impracticable.

(*g*) *Summary of savings.*—The Trade Department budget should be reduced by £5,000. Considering that the 1931-32 provision for the Hamburg office is £4,300 and that the pay of the officer selected for the trade commissionership at Milan will be less than the

pay of the Trade Commissioner at Hamburg and that Milan is a cheaper place than Hamburg, we consider that the extra expenditure on account of the opening of the Milan office will be about ·40 lakh. This will have to be set off against the savings proposed by us when the Milan Office is opened.

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(10) *Summary of total savings.*—

8·00 lakhs in grant No. 86—Secretary of State.

10·78 lakhs in grant No. 87—High Commissioner.

18·78 Total.

When the Stores Department, London, is re-organised on the lines indicated by us, there will be an additional saving of 5 lakhs.

CHAPTER XX.

Ecclesiastical (32·43 Lakhs).

(1) *Explanation of the grant.*—The expenditure on "Ecclesiastical" amounts to Rs. 32·46 lakhs and the whole of it is non-voted and is charged to civil estimates. Besides, an expenditure of about ·25 is incurred under "works" in provinces and areas other than the U. P. and the Punjab. The cost of ecclesiastical pensions and superannuation allowances cannot be ascertained easily, but it is additional expenditure on account of "ecclesiastical."

The denominations for whose benefit it is incurred are the Church of England in India (now called the Indian Church), the Church of Scotland and the Church of Rome.

The budget may be set out as follows :—

(*a*) For the whole of India except the Minor Administrations, etc. :—

(*i*) Church of England ecclesiastical establishments. . .	17·89
(*ii*) Church of Scotland ecclesiastical establishments . .	1·38
(*iii*) Church of Rome ecclesiastical establishments . . .	·36
(*iv*) Cemetery establishments	1·12
(*v*) Miscellaneous ecclesiastical charges	·26
(*vi*) Works (*i.e.*, works in the U. P. and the Punjab) . .	·70
(*vii*) Leave and deputation salaries in Great Britain . .	4·00
(*viii*) Other expenditure in Great Britain	4·46
	30·17

(*b*) For the Minor Administrations, agencies, etc. :—

(*i*) N. W. F. Province :—	·86
(*i*) Church of England (Rs. 78,700), Church of Scotland (Rs. 1,400) and Church of Rome (Rs. 1,000).	
(*ii*) Cemetery establishments (Rs. 4,900).	
(*ii*) Baluchistan :—	·33
(*i*) Church of England (27,600), Church of Scotland (1·000) = 28,600.	
(*ii*) Cemetery establishment (3,800) and other charges (600) = 4,400.	
(*iii*) Delhi :—	·22
Officers (16,000), Establishments (300), Grants-in-aid (400), Other charges (6,900) ; *minus* Recoveries (1,200) = Net 22,400.	
(*iv*) Ajmer-Merwara :—	·16
Officers (11,000), Establishment (1,000), Other charges (3,000) and Cemetery establishments (1,000).	
(*v*) Rajputana :—	·02
Pay of establishment (400), Other charges (2,000). Total 2,400.	
(*vi*) Central India :—	·20
Church of England (Rs. 26,500), Other churches (400), Cemetery (1,800). Total 28,700.	
(*vii*) Hyderabad :—	·38
Church of England (29,400), Church of Scotland (5,200) and Cemetery (2,900).	
(*viii*) Western India States Agency, Rajkot :—	
Church of England, (Rs. 1,028), Cemetery (Rs. 1,972) . .	·03
	32·46

(2) *Reasons for the expenditure.*—The obligation to provide religious services for British troops is imposed by the King's Regulations (paragraphs 140 and 1526-35) for the army. This and the practice—dating from the time of the East India Company—of providing, within reasonable limits, religious ministrations for the European, mainly British born, servants of the Crown in India are alleged to be the main reasons for the expenditure on ecclesiastical. In fact, we understand that a portion of the expenditure is incurred for the sake of the British troops in India. In this connection we invite attention to the remarks in paragraph 15 of Chapter I of this part of our Report and to the appendix to this Chapter in which we have reproduced (*i*) an extract from the evidence which Mr. Woodhead (Commerce Secretary) gave before the Public Accounts Committee on 3rd July 1930 and (*ii*) the memorandum furnished by the Commerce Department to that Committee with reference to paragraph 91 of its proceedings on the accounts of 1928-29.

(3) *Growth of expenditure.*—In 1913-14 the actual expenditure was 19·15 lakhs and it rose to 31·29 lakhs in 1924-25 and 31·76 lakhs in 1925-26. The increase was almost entirely due to the revision of pay and allowances and the inclusion of leave allowances not previously shown under this heading ; there was no increase in the number of chaplains employed. In paragraph 5 we have given a resumé of the action taken since 1922 to reduce the expenditure. In fact, however, the 1931-32 provision is 1·14 lakhs in excess of the actual expenditure of 1924-25.

(4) *Inchcape Committee's proposals.*—The Inchcape Committee dealt with this expenditure somewhat briefly. It noted that five chaplaincies had been abolished and proposed that sixteen more which were expected to fall vacant should remain unfilled. It estimated that by such action and by effecting minor economies the expenditure (budget estimate for 1922-23 being 33·83 lakhs) would be reduced by two lakhs. One member of that Committee—the Honourable Mr. (now Sir) Purshotamdas Thakurdas—in his supplementary note traced the history of the question and proposed that the number of chaplaincies should be reduced from 166 to 100 in place of the 145 proposed by the Inchcape Committee. His proposal was based on his view that they should be confined to purely military stations and he estimated that his proposal would yield a saving of a little over 11 lakhs. He also thought that except on the frontiers or outside India it was unnecessary to incur any expenditure on the maintenance of Indian religious teachers for Indian Units of the army.

(5) *Recent measures for reduction of expenditure.*—The Commerce Department has explained that since 1922 the number of appointments has been reduced from 166 to 138 by the substitution of a system of grants-in-aid.

Under this system grants amounting to Rs. 1,53,600 are paid, *viz.*, at Rs. 500 per mensem for twenty-two and at Rs. 300 per mensem for six of the twenty-eight appointments by which the number has been reduced. The grants cover (*i*) all charges on account of the pay, travelling and other allowances, passages and pension or provident fund of the clergymen who are appointed to perform the duties of the official chaplains and (*ii*) postage and other contingencies. The department has added that (i) this system has resulted in a saving of 4·30 lakhs, and (ii) that under another agreement made with the Metropolitan in 1926 a composition grant of two lakhs is payable to him for the entertainment of clergymen of the "Additional Clergy Society" and other societies at stations where official chaplains are to be posted but are not temporarily available or where, owing to the number and nature of the Church of England congregation, Government have agreed to assist towards the provision of a clergyman's services. Both the agreements are due to expire on 1st April 1932.

The Department has also explained that at the time of the dissolution of the Church of England and the Church of England in India (now called the Indian Church) an agreement was arrived at with the Indian Church, which is expected, eventually, to result in a saving of ·74 lakh.

(6) *Savings offered.*—So far as the Church of England establishments are concerned, the proposals of the Commerce Department are :—

	Lakhs.
(*a*) Reduction of 10 posts of Chaplains, saving . . .	1·51
(*b*) Adjustment of the grants-in-aid, net	·12
(*c*) Net saving in the composition grant	·26
Total .	1·89

Of this amount the Department expects to realise about half in 1932-33 and the remainder in the next year or two.

(7) *Our proposals.*—The Sub-Committee is unanimously of the view that the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed. In this connection attention is invited to paragraph 15 of Chapter I.

(8) On this Sub-Committee's proposals, the savings under "Ecclesiastical" will be 31·11 lakhs and something under works in the provinces and areas other than the United Provinces and the Punjab. A precise estimate of the savings under the head ' Civil Works ' cannot be given.

APPENDIX.

EXTRACT FROM THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE, DATED 3RD JULY 1930.

Mr. Woodhead.—Ecclesiastical expenditure in connection with the Army is spread over several budget heads. Speaking generally, the position is as follows. Church of England expenditure in connection with the Army is debited entirely to the Civil Estimates under 28—Ecclesiastical, 41—Civil Works and Superannuation Allowances and Pensions. The pay of Chaplains of the Church of Scotland on duty with Scottish regiments is debited to the Army Estimates. So also is their leave pay provided the leave is sanctioned by the military authorities. Expenditure on Civil Works in connection with Scottish Churches, whether Military or Civil, is debited to 41—Civil Works and pension charges are shown under " Superannuation Allowances and Pensions " in the Civil Estimates. As regards the Church of Rome allowances to chaplains are already debited to the Army Estimates, but expenditure on the fabric of churches is debited to Civil Estimates under 41—Civil Works. Cemeteries are usually used jointly for military and civil burials and expenditure is charged to the Civil Estimates, expenditure on Establishment to 28—Ecclesiastical and that on Civil Works to 41—Civil Works. My own provisional view—this is my personal view as the matter has not been examined by other Departments—is that it would be practically impossible to apportion the expenditure, item by item, between " Military " and " Civil ". Military chaplains minister to the civilian population (European British-born Government servants) as well as to troops and also, though not perhaps to the same extent, the civilian chaplains minister to troops. The cemeteries, as I said, are usually joint and the churches are in many cases used both by army and civil personnel. It would be practically impossible unless there was an army chaplains' service with separate garrison churches to apportion accurately the expenditure between the army and the civil.

Maulvi Abdul Matin Chaudhury.—Is it consistent with the policy of religious neutrality of Government ?

Mr. Woodhead.—That is a question of principle and I would not like to express an opinion on it.

Mr. Woodhead.—My own view is that an accurate separation is impossible but the matter has not as yet been examined by the Army and Finance Departments. I have carefully examined the whole expenditure with regard to the present classification and my own provisional conclusion is that so long as the present system of administration continues it would be impossible to make an absolutely clean cut between the military and the civil expenditure.

Mr. Woodhead.—The total of the 28—Ecclesiastical budget is somewhere about Rs. 33 lakhs. It might be possible to make an approximate apportionment of the expenditure on the pay of chaplains because the number of military chaplains is definitely fixed. It might be possible to make some adjustment of this kind.

Chairman.—The position really is that an accurate allocation is impossible. The question for our consideration is whether it is desirable that there should be an approximate allocation.

Mr. Dass.—Would you like part of the estimates charged to the civil head being charged to Army head ?

Chairman.—My provisional view is that these long established practices might well be allowed to remain. I do not see any particular reason for altering the practice in this case for every one knows what the position is. It is difficult to make an accurate allocation. No practical result would be achieved.

From the point of view of the Assembly control there would be no advantage gained. I think we might take note of the position and record the view that apparently an accurate allocation is impossible but that an approximate allocation would be possible and that we desire that a further report should be submitted next year on the subject. I think this is about all that we can say at present.

MEMORANDUM REGARDING ALLOCATION OF ECCLESIASTICAL EXPENDITURE BETWEEN THE CIVIL AND THE ARMY DEPARTMENTS, FURNISHED BY THE COMMERCE DEPARTMENT WITH REFERENCE TO PARAGRAPH 91 OF THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF 1928-29.

The Public Accounts Committee at their meeting on 3rd July 1930 accepted the view expressed by the Commerce Department that an accurate allocation of the ecclesiastical expenditure between the Army and the Civil estimates is not possible. But they thought that an approximate allocation would be possible and asked that a further report might be made to them on the subject. The question has now been carefully considered by the Commerce Department in consultation with the Army and the Finance Departments and the conclusion arrived at is that even an approximate allocation would be a matter of considerable difficulty. The civil and military aspects of the subject are in most areas so intermixed that an apportionment of the expenditure could only be made in the most arbitrary way. Even to make an arbitrary allocation of this kind, it would be necessary to investigate in considerable detail the circumstances which exist in each of the large number of stations where ecclesiastical ministrations, churches and cemeteries are provided for populations which are partly military and partly civil. An examination of this nature would naturally take a considerable time. It should moreover be remembered that by the time the examination is completed it may probably be of little or no practical value for the following reason. The impending constitutional changes may necessitate a complete review of the administration of this subject particularly in its relation to Army matters and a careful consideration of the exact position which it should occupy in the new system. It is impossible to say at the present moment what the results of such a review will be, but it may lead to such a change in the administration of the subject as will render entirely nugatory the approximate and arbitrary apportionment of expenditure based on the existing system. For these reasons it is urged that at the present juncture it is not worth while to embark on the difficult task of apportionment between the civil and military budgets of the present scale of ecclesiastical expenditure.

CHAPTER XXI.

Certain Matters relating to Part I of our Interim Report.

(1) *Explanation.*—In this Chapter we propose to deal with various matters relating to, or arising out of, Part I of our Interim Report. In this connection we invite attention to our remarks in paragraph 4 (*v*) of Chapter IV, paragraph (*v*) of Chapter X and paragraph 5 (*iii*) of Chapter XI of Part I. We requested the departments concerned to work out schemes relating to the Forest, Survey of India and Meteorology grants and send them to us for our consideration in connection with our final report. Although this part of our Report is not final, we propose to dispose of the schemes provisionally worked out by the departments concerned. Further, we wish to offer an explanation in regard to our estimates of savings from our proposals relating to certain grants. Our colleague Mr. J. Ramsay-Scott also wishes to add a note in regard to our proposals relating to Grant No. 50—Geological Survey and Grant No. 63—Aviation. (*Vide* Chapters XII and XXII of Part I of our Report.)

A.—Forest.

(2) *Schemes under consideration.*—As regards the retrenchment proposed by us in grant No. 21—Forest, it appears that Government have had four possible schemes under their consideration. The following table shows in a summary form the main features and the cost (in lakhs) of each scheme :—

	1931-32 provision.	Schemes.			
		I.	II.	III.	IV.
Direction	·64 1·00	·75	1·30	1·30	1·30
Silviculture	·80	·60	·60	·67	·80
Botanical	·93	·50	·50	·63	·65
Economic	5·05	1·60	1·75	2·20	3·20
Entomological	1·00	·55	·70	·70	·90
Chemical	·43	..	..	..	·35
Total	9·85	4·00	4·85	5·50	7·20
Colleges	1·45	·80	·80	·80	·80
Grand Total	11·30	4·80	5·65	6·30	8·00

Mr. Nixon who supplied the above-quoted figures to us was asked by the Department of E., H. and L. to explain the position to us. The Department's scheme No. I provides nothing for a Head of the Institute. In the memorandum* on the action taken or proposed by Government on the first part of our Interim Report it is stated that "the conclusion, however, so far arrived at by Government is that within the limits of this sum (*i.e.*, 4 lakhs), it would not be possible to maintain an efficient or economical organisation and that such a reduction would, in fact, mean the destruction of the present

*This was supplied to the Legislature in connection with the November 1931 Session.

organisation ". The department's view about schemes Nos. II and III was that neither of them was suitable and that both stood condemned by the Inspector-General and also by the department. The Inspector-General of Forests worked out a scheme costing 8 lakhs a year and added that any scheme costing less than that amount would necessarily involve a definite abandonment of some work and the reversion of some I. F. S. officers to their provinces. With reference to this scheme the memorandum mentioned above observes that Government " are therefore at present forced to consider the Inspector-General of Forests' scheme, under which the total expenditure on the Institute, the restricted functions of the Inspector-General (who is also head of the Institute) and the Rangers' College (including provision for completing the training of the two students of the Officers' College) could and should be restricted to Rs. 8 lakhs, a reduction of Rs. 3·3 lakhs or nearly 30 per cent. of the current year's grant ".

(3) *Sir Chunilal V. Mehta's evidence.*—We took opportunity of the unexpected visit of Sir Chunilal V. Mehta, K.C.S.I., to Delhi to examine him and take his advice on this question, especially as he was Chairman of the Forestry Committee which enquired into the affairs of the Research Institute in 1929.

(4) *Our proposals.*—Having considered the entire position in the light of the facts before us, we have come to the following conclusions :—

(I) Since scientific research at the Institute has got ahead of the practical application of research, those sections which are entirely or largely devoted to research as such should be slowed down and those which are charged with the application, particularly the commercial application, of the results of research should be developed. The following are specific instances :—

(*i*) Work in the Timber Testing Section should now be slowed down. The present Timber Testing Expert is expensive and his post should be retrenched. (*Vide* sub-paragraph *v* below.)

(*ii*) As regards silvicultural work, the proper function of the Dehra Dun Institute is examination, collation and co-ordination of the work done in the provinces. Hence, if the provinces are not carrying on silvicultural work as intensely as the Central Research Institute has been doing, this activity should be slowed down.

(*iii*) The Minor Forest Products Section should be maintained. If considerations of economy require it, it might be placed in charge of the Chemist. It can be made quite useful to the country, particularly from the point of the small firms, which cannot afford to employ special staff for their enquiries.

(*iv*) The Chemical section, where valuable work is being done, should be continued.

(*v*) Seasoning and timber testing should be placed in charge of one officer. As an alternative, timber testing might be placed in charge of the Wood Technologist, who, it is understood, received special training in this class of work in America in 1929. Such an arrangement would be conducive to economy and work efficiently. The I. G. Forests' scheme proposes to retain the present Timber Testing Expert whose pay is Rs. 2,000 per mensem. This post is not now necessary and should be abolished ; in fact, work in this section should now be slowed down. In this connection sub-paragraph (*i*) above may be seen.

(*vi*) Since the feasibility of converting bamboo into paper plup has been established, work which can usefully be done by a research institute can be claimed to have been finished. Hence, it is not worth while running the experimental paper making plant at the Institute any more for the sake of bamboo pulp. The officer might be put on the conversion of various grasses into paper pulp, since such work has not been sufficiently developed.

(*vii*) What is generally known as the cabinet making section can and should be subjected to retrenchment more than the other sections. As contemplated in the Inspector-General's scheme one gazetted post in this section should be abolished.

(II) We adhere to the opinion already expressed by us that the post of Inspector General of Forests in the strict sense (*i.e.*, an officer to carry out inspections and advise the Government of India on forest problems) is not necessary. In the interests of economy it should be abolished. We note that the I. G. is also President of the Institute and we agree that it will be necessary to retain an officer to take charge of the Institute as a whole, *i.e.*, the research sections as well as the Colleges. We do not contemplate that this officer would never be called upon to advise the Government of India on specific technical problems relating to forests. But our point is that he need not function as an inspecting officer, or have anything to do directly with the provinces. The theory underlying the departmental view embodied in the remark " Forest conservation and forest management are an all-India interest " is not in accordance with the present constitution under which Forests are a provincial—in some provinces, a provincial transferred—subject. The case for the retention of the I. G.'s post as made out in the memorandum on the action taken or proposed by Government on our Interim Report strikes us as not being cogent.

Incidentally, we would mention that the President or the Director of the Institute, whatever be the designation that is finally adopted, need not be paid on the present scale for the Inspector General.

(III) In modification of the opinion expressed in the first part of our Interim Report we recommend that the I. F. S. College, which has only recently been established, should continue to be maintained. But, it should be possible to manage it more economically than in the past. The duties of Principal should be discharged by the head of the Institute whether he be designated President or Director.

(IV) For the Indian Sandhurst, the Chandbagh buildings would still be available.

(5) *Cost of scheme.*—We consider that it is feasible, by various adjustments, to reduce the expenditure on the Research Institute and the Colleges to about six lakhs without seriously curtailing their activities or the scope of their utility.

We indicate below how we would apportion this amount among the various sections :—

Direction	·75
Silviculture	·60
Botany	·50
Economy	2·20
Entomology	·55
Chemistry	·35
Total for the Forest Research Institute	4·95
Colleges	1·05
GRAND TOTAL	6·00 lakhs.

B.—Survey of India.

The scheme that we have received is not sufficiently detailed to justify us in modifying the conclusions already reached by us in Part I of our Interim Report. We presume that we shall receive a proper scheme in due course and we shall add our comments in Part III of our Report.

We may also note that item (*f*) on page 25 of Part I of our Report should read "Observatories at Dehra Dun costing Rs. 34,000."

C.—Meteorology.

We have examined the Industries and Labour Department's proposals submitted to us, at our request, in regard to the restricted grant for the Meteorological Department and are satisfied with the proposals of the department.

D.—Geological Survey, Mines, the Indian School of Mines, Dhanbad, etc.

As regards our estimates of savings from the proposals (in Part I of our Interim Report) relating to the Geological Survey, Mines, the Dhanbad School of Mines and possibly some other grants, we wish to make it clear that our proposals were based on certain assumptions, for example, revised scales of pay, of which we decided at a later stage to defer consideration. Those estimates were therefore to some extent in excess of the savings which in fact will accrue from our specific proposals. To the extent that a revision of our estimates is necessitated by the fact that the assumptions at first made by us are not applicable, we have no objection to our estimates being reduced.

ABDUR RAHIM.
RAM SARAN DAS.
S. C. MITRA.
M. SHAH NAWAZ.
HAR BILAS SARDA.
J. RAMSAY-SCOTT.
H. M. WILAYATULLAH.
J. C. NIXON.*

New Delhi;
21st December 1931.

S. P. SHAH,
Secretary.

---

* I sign this Report as a token of its representing the views of the majority of the Sub-Committee. There are many propositions in it to which I cannot personally subscribe.

21st December 1931. J. C. NIXON.

MR. J. RAMSAY-SCOTT'S NOTE (REF. PARA. 1 OF CHAPTER XXI.)

(*i*) *Mining Industry.*

Since the issue of Part I of the General Purposes Sub-Committee's Report, I have made further investigations into the question of royalties and I am now of the opinion that there is every reason to recommend that they should be reduced rather than enhanced.

(*a*) *Petroleum.*

Of the 30 Oil Companies started in India and Burma about 25 are now defunct and only 4 or 5 are paying dividends. The speculative nature of such venture is proved by the many crores which have been lost and the large sums which have to be spent annually in prospecting for new fields. The royalty is only 8 annas or 5 per cent., whichever is greater, per barrel, but I am informed on very good authority that each barrel produced pays no less than Rs. 11-12-1 to the revenues of the State. That royalties are high in India is proved by the figures paid in other countries which are as follows :—

Country.	*Royalty per ton.*
	Rs. a. p.
India and Burma	3 0 0
Canada	*Nil*
Australia	*Nil*
New Zealand	*Nil*
Trinidad	1 5 8
America	*Nil*
Mexico	15 annas to 1-10-0.
Dutch East Indies	1 5 8
Dutch Borneo	0 9 0
Hungary	*Nil*
Roumania	1 10 0
Venezuela	1 2 0

Roumania faced with a problem like our own decided after mature examination that it was too dangerous to increase this tax.

(*b*) *Base metal industry.*

Few mines today are working at a profit and in many cases the return which Government receives in royalties, etc., is considerably more than the return which the shareholder receives on his money and in most cases of loss, the greatest part of such loss is due to having to pay these royalties, etc., to Government, which are a first charge.

(*ii*) *Air Mail.*

I find that our recommendations will entail on Burma a great hardship and if Burma were allowed to use the existing air lines, it would mean a saving of 9 days in between London and Rangoon.

I feel that in our view sufficient attention was not paid to the needs of Burma nor to the possibility of an Indian air line wishing to operate beyond the boundaries of India and Burma.

Our recommendations in Part I have been the means of the Delhi Flying Club taking over the Delhi—Karachi service and I hope to see further extensions.

21st December 1931. J. RAMSAY-SCOTT.

GIPD—606—GPSC—11-1 32—1,200.

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PART I.

General.

CHAPTER I.

INTRODUCTORY.

The Posts and Telegraphs Sub-Committee of the Retrenchment Advisory Committee was constituted by notification No. 371/Ret., dated the 17th June 1931 issued by the Government of India in the Finance Department with the following personnel :—

Sir COWASJEE JEHANGIR (Junior), K.C.I.E., O.B.E., M.L.A. (*Chairman*).

The Hon'ble Mr. B. K. BASU ..
Mr. AMAR NATH DUTT, M.L.A. ..
Mr. MOHAMMAD YAMIN KHAN, C.I.E., M.L.A. .. .. } *Members.*
Mr. F. C. ANNESLEY .. ..
Mr. N. V. RAGHAVAN .. ..

Mr. S. P. VARMA (*Secretary*).

Terms of Reference.

2. The general terms of reference of the Sub-Committee are as follows :—

> " To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned these will be left for the exclusive consideration of the Government but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

3. In addition to the general terms of reference which are common to all the Sub-Committees, the following subsidiary terms of reference were laid down for the Posts and Telegraphs Sub-Committee :—

> " 1. Review specific possible measures of retrenchment which will be placed before the Committee by Government for advice ; with particular reference in some cases to the question of the allowance, if any, to be made for the protection of vested interests in connection with the adoption of otherwise desirable measures of economy.
>
> 2. Advise on the principles which should guide Government in framing proposals for the remuneration of future entrants in the Posts and Telegraphs Department : particularly whether new entrants who are likely to be employed mainly or altogether locally should be remunerated on separate local scales of pay, as at present; or on uniform low Circle, or All-India, basic scales *plus* variable compensatory allowances according to the special circumstances of different stations.

3. Review the policy of Government in relation to—

(*a*) the extent of the facilities offered to the public, and

(*b*) the maintenance of the Radio service.

4. Review the arrangements for exercising control over expenditure and other financial matters, both at headquarters and in the Circle offices.

5. Ascertain whether the present organisation is over-centralised and whether more economical working cannot be secured by further delegation of financial and administrative authority to subordinate officers.

6. Review the extent to which purchase and inspection of stores have been transferred to the Indian Stores Department and to which consequent savings have been or might be effected in the Posts and Telegraphs Stores."

Visits and Meetings.

4. We assembled at Bombay on the 15th July 1931 when all the members were present and continued to sit until the 29th idem, when we adjourned our sittings to reassemble at Simla. Our Chairman and Mr. Annesley with the help of the Secretary had, however, started the preliminary work of examining the various documents that were placed at our disposal by the Finance Department. The Chairman also issued a Press Communique dated the 3rd July 1931 inviting suggestions for economy and retrenchment in the Posts and Telegraphs Department from the general public. We reassembled at Simla on the 25th August 1931 when all the members, excepting the Hon'ble Mr. B. K. Basu who joined on the 15th September 1931, were present. In all we held 43 meetings.

5. During the interval between adjournment at Bombay and assembly at Simla Messrs. B. K. Basu and Amar Nath Dutt were enabled through the courtesy of the Director-General of Posts and Telegraphs to examine the working of the various offices and institutions of the Department situated in Calcutta and Burdwan; while Mr. Raghavan made similar enquiries in the office of the Postmaster General, Madras. During our stay at Bombay we were, through the courtesy of the Director-General of Posts an Telegraphs and the Postmaster General, Bombay, able to go round the Presidency Post Office, the Central Telegraph Office, the Sorting Office at Ballard Pier and the Wireless Station at Santa Cruz. Two of our members, Messrs. Annesley and Raghavan, were also deputed by us from Simla to visit the Telegraph Workshops, the Stores Yard, the Wireless Workshops and the office of the Electrical Engineer-in-Chief situated at Alipore. During their visit they were accompanied by the Chief Engineer, Posts and Telegraphs and as explained hereafter, by Mr. R. C. Frain, Superintendent, Metal and Steel Factory, Ishapore and Mr. Mathews, Superintendent, Gun and Shell Factory, Cossipore, both of which factories are under the Army Department of the Government of India. These visits to various kinds of offices and institutions enabled us to visualise and appreciate the conditions under which work has to be done in this Department to an extent which was perhaps impossible otherwise.

Evidence collected.

6. The materials required to enable us to fulfil the obligations laid upon us have been collected from various sources. The Finance Department supplied us with a report dealing with the growth of expenditure on the Posts and Telegraphs Department during the years 1924-25 to 1929-30 (Revised estimate). They also supplied us with a note on retrenchment in the Department prepared by an officer who was placed on special duty for the purpose during April and May 1931. The various suggestions made in this note were further amplified in a series of memoranda kindly prepared for us by the Director-General of Posts and Telegraphs. During our sittings at Bombay we prepared and issued two questionnaires, one addressed especially to the Director-General of Posts and Telegraphs, while the other was meant for issue to such officers of the Department as we selected for examination as witnesses. Both the Director-General and individual officers of the Department responded cordially to our request and supplied us with material which was comprehensive. Evidence, written or oral or both, was thus obtained from the following officers :—

I.—At Bombay.

(Both oral and written.)

(1) Mr. G. V. Bewoor, I.C.S., Postmaster General, Bombay Circle.

(2) Mr. J. N. Mukerjee, B.A., O.B.E., Postmaster General, Central Circle.

(3) Mr. G. B. Singh, Director of Telegraph Engineering, Bombay Circle.

(4) Mr. P. W. McKie, Chief Superintendent, Central Telegraph Office, Bombay.

(5) Mr. W. B. Roderick, Presidency Postmaster, Bombay.

(6) Mr. M. D'Souza, Deputy Postmaster General, Traffic, Bombay.

(7) Lieutenant-Colonel W. A. Smith, O.B.E., Deputy Postmaster General, Bombay.

(8) Mr. R. M. Kewalramani, Divisional Engineer, Telegraphs, Bombay.

(9) Mr. H. S. Jassawalla, Assistant Postmaster General, Bombay.

(10) Rao Sahib T. R. R. Iyengar, Deputy Postmaster General, Traffic, Madras.

(11) Mr. K. L. N. Iyer, Postmaster, Ahmedabad.

(12) Mr. G. D. Bajpai, Postmaster, Poona.

(Oral evidence only.)

(1) Mr. S. Banerjee, Divisional Engineer, Wireless, Bombay.

(2) Rao Bahadur G.N. Naidu, Superintendent of Post Offices (on leave).

II.—At Simla.

(Both oral and written.)

(1) Mr. P. J. Edmunds, M.A., B.Sc., Director of Wireless.

(2) Rai Bahadur P. N. Mukerji, M.A., M.R.A.S., Deputy Director General, Postal Services.

(Written evidence only.)

(1) Mr. W. D. MacGregor, M.I.E.E., Chief Engineer, Posts and Telegraphs.

(2) Mr. M. L. Pasricha, C.I.E., Officiating Chief Engineer, Posts and Telegraphs (on leave).

(3) Mr. R. S. Purssell, O.B.E., Deputy Director General, Telegraphs.

(4) Mr. P. N. Mitra, Controller of Telegraph Stores.

(5) Mr. H. P. Bhaumik, B.A., A.M.I.E. (Ind.), Electrical Engineer-in-Chief.

(6) Mr. H. Sur, B.A., Director of Posts and Telegraphs, Sind and Baluchistan Circle.

(7) Mr. G. W. Butcher, Assistant Director General.

(8) Rai Bahadur A. K. Mukerji, Assistant Director General.

In addition to obtaining the formal evidence of the gentlemen whose names have been mentioned we made full use of their offer to help us by discussing with them informally both at Bombay and at Simla particular matters as they arose during our enquiry. We also had the great advantage of discussing various matters of importance with Mr. T. Ryan, C.I.E., Joint Secretary to the Government of India in the Department of Industries and Labour, Sir Hubert Sams, C.I.E., Director-General of Posts and Telegraphs and other officers of the Directorate.

Evidence from Associations.

7. At the instance of the Retrenchment Advisory Committee, the Government of India in the Home Department issued a memorandum No. F. 146/3/31-Ests., dated the 13th July 1931 laying down the procedure to be followed by Service Associations in submitting their views and suggestions for the consideration of the various Sub-Committees. We received written memoranda containing various suggestions for economy and retrenchment from the following recognised associations :—

(1) All-India and Burma Postmasters' Association, Bombay.

(2) All-India (including Burma) Postmen and Lower Grade Staff Union, Bombay.

(3) The Indian Telegraph Association, Ltd., Calcutta.

(4) The All-India Telegraph Union, Calcutta.

(5) All-India (including Burma) Postal and R. M. S. Union, Delhi.

(6) The Association of All-India Postal and R. M. S. Inspectors and Divisional Head Clerks, India and Burma, Calcutta.

(7) The All-India Postal and Telegraph (including R. M. S.) Administrative Offices Association, Lucknow.

Secretary's Note,—The memorandum of the Telegraph Engineers' Association was not received through the prescribed channel in time for consideration in connection with this report.

(8) The Postal Officers' Association, Calcutta

As and when memoranda were received from the Chairman, Main Retrenchment Committee, we issued a questionnaire to each of these Associations and asked them to submit replies through the Chairman, Main Retrenchment Committee ; but to save time we authorised them to send copies direct to us. Representatives of the following Associations were also examined by us orally on the dates noted against each :—

(1) All-India (including Burma) Postal and R. M. S. Union represented by seven* gentlemen..	31st August 1931.
(2) Indian Telegraph Association, Limited, represented by five† gentlemen ..	2nd September 1931.
(3) All-India Telegraph Union, represented by four‡ gentlemen	4th September 1931.
(4) Postal Officers' Association, represented by two§ gentlemen	17th September 1931.
(5) All-India (including Burma) Postmen and Lower Grade Staff Union, represented by fourteen ‖ gentlemen	17th September 1931.

8. We have already mentioned that our Chairman had, in anticipation of our formal meetings, issued a Press Communiqué inviting suggestions for economy and retrenchment in the Department from members of the public. The response to this request has been most gratifying and suggestions have been forthcoming from retired employees and people in various walks of life who come in contact with the activities of the Department. Finally, the Director-General of Posts and Telegraphs very kindly placed at our disposal a summary of the various suggestions that he had received from various employees of the Department of all ranks and of all classes.

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* Mr. S. C. Joshi, M.A., LL.B., President.
Mr. N. C. Sen Gupta, General Secretary.
Mr. C. C. Chatterjee, Assistant, P. M. G.'s Office, Lucknow (and also Secretary of All-India Postal and Telegraph (including R. M. S.) Administrative Offices Association.
Mr. R. C. Chatterjee, Clerk, Calcutta, G. P. O.
Mr. K. G. Kalekar, Inspector, Sorting, P. M. G.'s Office, Bombay.
Mr. A. Rahman Khan, Inspector of Post Offices, Central Circle.
Mr. D. N. Mukherji, Clerk, Calcutta G. P. O.

†Mr. F. P. Fox, President.
Mr. H. Barton, General Secretary.
Mr. G. M. DeSa.
Mr. A. A. Xavier.
Mr. Manikum Mudaliar.

‡Mr. S. Chakravarti, General Secretary.
Mr. Bannerjee, Telegraphist, Calcutta.
Mr. Sham, Telegraphist, Calcutta.
Mr. Samanand, Clerk, Telegraph office, Simla.

§Mr. Brij Bhushan Lal.
Mr. S. R. Kothavala.

‖ Mr. A. H. Kirtikar, Bar.-at Law, General Secy., Bombay Presidency Union.
Mr. D. K. Tendulkar, Assistant Secretary.
Mr. Rama Nand Lal, Calcutta.
Mr. Mahabir Prasad Lal, Calcutta.
Mr. Hayat Mohmud, Lahore.
Mr. L. V. Jaskar, Poona.
Mr. Aladita, Rawalpindi.
Mr. K. G. Parab, Bombay.
Mr. Mansukh, Simla.
Mr. Nek Ram, Simla.
Mr. Sirdar Khan, Lahore.
Mr. Mohd. Saraj-ul-Haq, Lahore.
Mr. Beant Singh, Amritsar.
Mr. Gobind Singh, Lahore.

9. The mass of evidence and information that we managed to obtain in the manner described above has enabled us to view each problem and each suggestion from the most divergent standpoints.

10. We have to note that our colleague Mr. Mohamad Yamin Khan could not, due to pressure of work in the Legislative Assembly, attend our meetings after the 7th September 1931 when the session opened, except on one occasion and we regret that we were deprived of his help and advice in our later discussions.

Scope of present report.

11. This report is an *interim* report prepared as rapidly as possible in compliance with the desire of the Chairman, Retrenchment Advisory Committee; but we have tried to make it complete in respect of the subjects dealt with. It was, however, impossible to complete our investigations of some items which we would have taken up if time had permitted. To facilitate subsequent enquiries we have set out all these in Appendix I to this report.

The report is unanimous except as indicated in the minutes of dissent which are appended. It is arranged in four parts. The first part is introductory and deals with matters of general interest, and the second contains our proposals for specific economies, which can be realised most quickly. The third part deals with the important question of economies in rates of pay for future entrants while the fourth contains the several minutes of dissent and appendices.

12. The part dealing with specific economies contains recommendations for the abolition of a number of appointments. We realise that these proposals will not effect immediate retrenchments. We have not in all cases made specific proposals with regard to the manner in which the superfluous staff can be absorbed or retrenched. This question is common to all Departments of Government. We do, however, recommend that there should be no distinction between the treatment accorded to different classes of Government servants.

CHAPTER II.

Posts and Telegraphs Finances.

13. The evidence that we have collected during our enquiry leads us to think that there is a considerable amount of misconception of the policy of Government in respect of the Indian Posts and Telegraphs Department. Popularly, it is regarded as a "commercial" Department, with the result that a number of analogies are drawn not all of which are applicable. To remove this misconception, we quote below the most recent declaration of the policy of the Government as made by the Hon'ble Sir Atul Chatterjee, Member in charge of the Department of Industries and Labour, in the Legislative Assembly on the 12th March 1924 :—

"I entirely agree with Mr. Neogy in considering that the Post Office should be looked upon as a public utility service. But in the same way as the Railways and any other organizations which are for the benefit of the general public and are looked upon as public utility services should at the same time pay their way, I consider that the Posts and Telegraphs Department should pay its own way; and I have the authority of my Honourable Colleague, the Finance Member, in saying that the Government do not look to the Postal and Telegraph Department as a revenue-earning Department. I hope this statement will satisfy my Honourable friend. At the same time, I wish him to understand that there is no reason whatever why the Postal and Telegraph Department, if it is properly managed, should be a burden on the tax-payer. It has to be remembered that the Government enjoy a valuable monopoly in the Postal and Telegraph Department and in my view that monopoly should be so worked as to be a source of benefit to the general tax-payer without being a burden on him".

14. In consonance with this policy, the accounts of the Department were put on a commercialized basis with effect from the 1st April 1925. The accounting system of the Department has been recently the subject of enquiry by a Committee whose report has just been published by Government. Copies of this report were made available to us and we find that the recommendations are mostly of a technical character and of only indirect interest to a Retrenchment Committee. Certain adjustments have been recommended as between the accounts of the Posts and Telegraphs Department on the one hand, and those of the other Departments of Government on the other, as a result of which the accounting deficit in the working of the Department would be reduced by about Rs. 50 lakhs per annum.

15. The report of the Posts and Telegraphs Accounts Enquiry Committee is still, we understand, under the consideration of Government; but whatever be the final decisions on the recommendations, the report makes it amply clear that the real deficit on the working of the Posts and Telegraphs Department as an integral part of the multifarious activities of Government will remain unaffected. We would also like to express at this stage our view on the point that has been made on several occasions from various quarters that one branch of the Department is working at a loss while another is working at a profit. Such opinions overlook the implications of the declaration of the policy of Government which was accepted by the representatives of the people constituting the Legislative Assembly. As we read that declaration, Government expect the Department as a whole to be self-supporting irrespective

of the results of working of individual branches. This implication moreover derives support from common experience. The results of the working of a large utility Department like the Posts and Telegraphs which provides facilities for communication of a most varied nature, must depend on a variety of factors some of which are almost beyond control. It is not unreasonable to expect that in such circumstances some times it will be one branch and some times another which will show a profit while other branches are showing a loss. For instance, we understand that in a good many countries the telegraph branch is running at a loss while the postal side has been yielding handsome profits.

16. The observations made in the previous paragraph indicate our attitude in approaching the task that has been set to us by Government. Being a Retrenchment Committee, we are not directly interested in the loss or profit on the working of individual branches of the Posts and Telegraphs Department but of the entire Department. The magnitude of this loss will be realised from the following table in which we compare the figures for receipts and expenditure of the Indian Posts and Telegraphs Department for the years 1925-26, 1929-30, and the budget estimate for 1931-32. We have selected the year 1925-26 as the basis for comparison because in the words of the Posts and Telegraphs Accounts Enquiry Committee "no attempt at a comparison of the profits or losses on the working of the Department after the commercialisation with those shown in the accounts prior to it is possible at this stage." It will be seen that the budget for 1931-32 provides for a net estimated loss of Rs. 1,41,19,000 and that the gross receipts are less than the actual out-of-pocket expenditure by Rs. 25·14 lakhs to which deficit are to be added the amounts for depreciation, pensions and interest, less the credits to working expenses received for work done for others.

(In thousands of rupees.)

——	1925-26.	1929-30.	Budget estimate, 1931-32.
1. Pay of officers	49,88	52,36	52,23
2. Pay of permanent establishment ..	5,78,62	7,07,01	7,47,20
3. Pay of temporary establishment	4,67	6,98	4,24
4. Allowances and honoraria	54,99	70,29	69,78
5. Repairs	30,58	31,90	38,35
6. Contingencies	51,64	59,68	57,65
7. Subsidies and payments to Railway Companies, etc.	94,19	1,03,64	1,01,16
8. Stamps, postcards, etc.	5,07	20,47	19,40
9. Stationery and printing	16,52	27,32	23,82
10. Other miscellaneous expenditure	8,15	10,07	7,36
Total ..	8,94,31	10,88,72	11,21,19

(In thousands of rupees.)

——	1925-26.	1929-30.	Budget estimate, 1931-32.
Deduct—Credits to working expenses ..	37,48	55,54	59,65
Add—Provision for depreciation ..	31,31	33,63	24,50
Provision for pensions	49,89	60,35	64,22
Interest on capital	46,38	65,78	86,98
Total expenditure ..	9,84,41	11,92,94	12,37,24
Gross receipts	10,21,38	11,29,50	10,96,05
Profit (+) or loss (—)	36,97	—63,40	—1,41,19

17. The preceding table has been given solely to convey an idea of the magnitude of the loss involved in the working of the Department but it should not be regarded as governing our attitude in dealing with the question of economy and retrenchment. As we understand our duty, we are not expected necessarily to recommend economies which will in the aggregate be sufficient to wipe out the loss but such economies and retrenchments as may be possible with due regard to all relevant considerations.

18. A close study of the table given in paragraph 16 is interesting as indicating the possible sources from which economy may be hoped for. Out of the total expenditure of nearly Rs. 13 crores provided for in the budget estimate for 1931-32, the following amounts are not susceptible of reduction :—

	Rs.
Depreciation	24,50,000
Interest on capital	86,98,000
Total ..	1,11,48,000

Out of the balance, payments in connection with the personnel of the Department account for :—

	Rs.
Pay of officers	52,23 000
Pay of permanent establishment other than officers ..	7,47,20,000
Pay of temporary establishment	4,24,000
Sub-total ..	8,03,67,000
Allowances and honoraria	69,78,000
Provision for pension	64,22,000
Total ..	9,37,67,000

Subsidies and payments to Railways or in short the charges for the transport of mails, other than by runners, and for handling telegraph traffic, account for another Rs. 1,01,16,000. The details of this amount are as follows :—

	Rs.
Interest on Railway vans set apart for use by Post Office ..	2,50,000
Special trains	3,10,000
Conversion of Railway vans	50,000
Other payments	45,32,000
Subsidies to Steamship Companies	18,52,200
Subsidies to others—voted	26,45,000
Subsidies to others—non-voted	50,000
Gratuities to Masters of ships	27,500
Subsidies to Eastern and Associated Cable Companies ..	1,05,000
Payments under the Postal arrangements with the Lords of His Majesty's Treasury—voted	2,94,000
Total ..	1,01,15,700

19. The head " Other payments " chiefly includes payments to Railways for the haulage of mail vans or carriage of mails on what is known as weighment system. The head " Subsidies to others " covers payments to outsiders for the most varied assortment of transport facilities, *e.g.*, motor, horse, camel, mule, tum-tum, tonga, jutka, ekka, camel cart, bullock cart, cycle, trolly, and boat services, etc. It will be seen that more than half of the total amount is payable to Railways under the terms of orders issued by Government from time to time or to Steamship Companies in accordance with the terms of the contracts executed with them. These are not susceptible of any large reductions immediately. Of the amounts shown against " Subsidies to others " the bulk is spent on motor mail services in important towns and also across country. Thus out of a gross expenditure of Rs. 12,96,89,000 we are left with a balance of Rs. 1,46,58,000 corresponding to what would be regarded in an ordinary Department of Government as controllable expenditure susceptible of reduction without touching salaries or reducing establishments. This amount comprises the following items :—

	Rs.
Repairs to buildings, lines, etc.	38,35,000
Contingencies	57,65,000
Stamps	19,40,000
Stationery and printing	23,82,000
Other miscellaneous expenditure	7,36,000

20. In conjunction with this analysis it is of interest to consider the growth in gross receipts, number of employees and principal items of business transacted by the Department during the 6 years' period 1924-25 to 1929-30, shown in the following statement :—

——	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Percentage of increase over 1924-25.
1. Gross Revenue Rs.	9,96,98,000	10,21,38,000	10,53,04,000	10,82,71,000	11,03,65,000	11,29,50,000	13·3
2. Strength of staff ..	120,418	122,079	124,154	125,724	129,902	131,917	9·5
3. Postal Traffic (transactions)	1,278,570,756	1,308,893,915	1,330,728,056	1,387,180,039	1,426,305,783	1,432,372,358	12·03
4. Paid Telegraph Traffic (messages)	19,842,600	18,768,178	19,022,602	19,974,034	20,241,004	19,476,184	—1·08
5. Radio Telegraph Traffic (messages)	19,551	21,072	23,476	25,245	26,885	26,896	37·5
6. Telephone connexions ..	14,785	15,926	17,115	20,042	19,935	21,810	47·6

CHAPTER III.

VESTED INTERESTS.

21. Our attention has been drawn pointedly, by the first paragraph of the subsidiary terms of reference, to the existence of certain provisions in the orders issued by Government from time to time under which the prospect of promotion to a certain number of appointments and to a certain extent, has been held out to some classes of Government servants. We have also been asked to advise on the question of the allowance to be made with regard to the pledges given in connection with these "vested interests" when considering the adoption of otherwise desirable measures of economy. The two cases in which this question of vested interests is particularly important are those of :—

(1) the promotion of officers of the Superior Telegraph Engineering Branch to administrative rank, and

(2) the promotion of Telegraphists to the posts of Telegraph Masters and other higher appointments.

Promotion of officers of the Engineering Branch to administrative rank.

22. The Government of India announced in Resolution No. 830-833, dated the 24th January 1912, issued by the Department of Commerce and Industry, their intention to examine the practicability of amalgamating the separate Departments of Posts and of Telegraphs. In paragraph 5 of that Resolution they stated that—

> "The Government of India earnestly desire that, in such steps as may be taken towards the amalgamation of the two services, all possible protection should be afforded to the personal interests and prospects of the existing staff of both Departments in all grades."

They further laid down—

> "that there shall be no loss of emoluments caused by any experiment in amalgamation which he (the Director-General of Posts and Telegraphs) may attempt, to any members of the staff either of the Post Office or of the Telegraph Department."

23. The effect of the amalgamation which was announced in Resolution No. 3062-3066-101, dated the 24th April 1914, by the Government of India in the Department of Commerce and Industry, was the creation of a separate organisation for dealing with the Telegraph Traffic work of the Department which had till then been entrusted along with the Engineering work to the old Telegraph Department. Paragraph 9 of this Resolution dealt with the question of superior appointments open to the officers of the old Telegraph Department and is quoted below *verbatim* :—

> "* * *This scale will continue in force as long as there remain in the Department any officers now in service who would, but for the amalgamation, have risen to enjoy the rates of pay hitherto admissible to the officers now holding the 11 administrative appointments in question.* Promotions to a higher rate of pay according to the scale prescribed above will be subject to the continued efficiency of the officer in question."

24. The scales of pay quoted in the Resolution of 1914 have been revised since, as stated elsewhere in this report, but the promise contained in the portion in italics of the extract from the Resolution has been fully kept in regard to the number of appointments to the administrative grade. We understand that not infrequently during the past years when it so happened that 11 officers of the Telegraph Engineering Branch were not all holding administrative appointments, pay at the administrative rate was disbursed even though some of the officers were holding appointments of inferior status. We understand that at present the following appointments of administrative rank are being held by Telegraph Engineers :—

1 Chief Engineer, Posts and Telegraphs.

3 Postmasters General.

5 Directors of Telegraph Engineering.

1 Electrical Engineer-in-Chief.

1 Deputy Chief Engineer, Telegraphs (temporarily held in abeyance at present .

1 Deputy Director General, Telegraphs.

1 Controller of Telegraph Stores.

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(Under the orders of the Secretary of State, the appointment of the Controller of Telegraph Stores, when held by a Telegraph Engineering officer is not counted towards the 11 guaranteed appointments.)

25. It will be seen that this promise was made only to protect the interests of the officers who were in service at the time of the amalgamation of the Postal and Telegraph Departments, and the period of continuance of this concession will be determined as soon as the last of those officers has quitted the service. We understand that of the officers eligible for this concession there is only one who is not at present holding an appointment in the administrative grade, and that he will attain the age of 55 years in 1938. We also understand that if the number of administrative appointments open to these officers continues to be 11 in the future this officer will attain administrative rank in or about 1934.

Promotion of members of the signalling establishment.

26. The other effect of the amalgamation of the Postal and Telegraph Departments carried out in 1914 was the creation of a separate organisation for Telegraph Traffic. Paragraph 4 (*viii*) of the amalgamation Resolution of 1914 sanctioned the creation of the following superior appointments in the Telegraph Traffic Branch :—

(*a*) Deputy Director-General, Telegraph Traffic .. 1

(*b*) Superior Traffic Branch, I Division 12

(*c*) Superior Traffic Branch, II Division 27

The same paragraph went on to say that " to commence with 21 appointments in the Superior Traffic Branch will be filled by superior officers now serving in the Telegraph Department who would otherwise form a surplus owing to the reduction in the establishment of Directors, Superintendents, and Assistant Superintendents of Telegraphs ", but that " eventually, the Telegraph Traffic Branch will consist of specially selected and trained Traffic Officers and will be recruited as far as possible from subordinates selected at any stage of their service."

27. Paragraph 11 of the same Resolution dealt with the question of recruitment to the reorganised Telegraph Branch, Engineering and Traffic. The portion dealing with recruitment to the Superior Traffic Branch is quoted *verbatim* :—

> " In the case of Superior Traffic Branch the majority of the appointments will be filled, as the surplus staff of officers belonging to the present superior and upper subordinate establishments is exhausted, by the selection of specially qualified officers from the upper subordinate staff of the Department. In order, however, to guard against the possibility of a dearth of suitable officers for the highest Traffic appointments, and with a view to obtaining when necessary from other sources, including other telegraph administrations, the services of officers possessing special qualifications, the Director-General will be at liberty to make direct appointments to the Superior Traffic Branch from outside the ranks of the signalling establishment at any position in the scale which may be considered suitable. "

28. The resolution of 1914 ended with the following sentence :—

> " Finally, the scheme not only assures adequate protection of their prospects to all Telegraph officers now in service, but it also offers them a more congenial range of duties, while affording, for the first time, to competent subordinates a prospect of advancement to well-paid appointments."

29. The question of the promotion of subordinates to the Superior Traffic Branch was again examined by Government in connection with the Report of the Islington Commission. The orders of Government on the relevant recommendation of the Commission are contained in Commerce Department Resolution No. 2956, dated the 11th June 1920. Paragraph 7 of this Resolution which dealt with the recruitment to the Superior Traffic Branch is quoted *in extenso* :—

> " They (the Government of India) are also unable to agree to the wide departure from the existing practice of appointment by selection from the subordinate ranks which is involved in the recommendation that, as soon as existing officers of the old Telegraph Department have been provided for, it should be obligatory on the Director-General to fill one-fourth of the vacancies in the Telegraph (Traffic) Branch by direct recruitment. In the opinion of the Government of India, direct recruitment to this Branch should be limited to exceptional cases of the kind referred to in paragraph 4 of this Resolution."

30. Another aspect of the same case came under the examination of the Telegraph Committee of 1921 presided over by Rao Bahadur T. Rangachariar, M.L.A. Dealing with the question of the manner of filling the additional appointments in the executive grade of the Superior Telegraph Engineering Branch that had recently been sanctioned by the Secretary of State, the Committee expressed the following opinion : [Report, page 29, item (*r*)]—

> " The Committee consider that the transfer of Engineering officers now employed on the Traffic side back to the Engineering side in the vacancies which have now occurred is eminently desirable as the men in the Traffic Branch have not had a chance of being promoted to the 1st Division of that Branch for over 7 years and they also consider that the proposal to transfer 5 of these Engineering officers back to the Engineering side is the utmost that in the circumstances can be done at present, and recommend the adoption of those proposals in their entirety ".

31. Next came the Posts and Telegraphs Department Committee, 1924-25 (" The Ryan Committee "), which was appointed " to investigate possible methods of economy in the Posts and Telegraphs Department ..... not entailing any general revision of pay " (Report, page 1, paragraph 1). With respect to the Telegraph Traffic Branch of the Department the Committee recommended *inter alia* the following measures of economy : —

(*a*) Further conversion of the smaller departmental telegraph offices into combined post and telegraph offices, there being no reason to doubt that the telegraph service rendered by combined offices was reasonably efficient and reliable ; departmental telegraph offices to be retained only where the traffic was of such bulk and complexity that it could not be dealt with efficiently by the postal staff. (*Ibid*, pages 37—40, paragraphs 89—97) ;

(*b*) Adoption of a more reasonable standard for calculating the strength of the operative staff of Telegraphists. [*Ibid*, page 48, paragraph 121 and page 67, paragraph 171 (*h*)] ; and

(*c*) Raising of the ratio which Station Service Telegraphists bear to General Service Telegraphists from one-fifth to one-half. (*Ibid*, page 44, paragraph 110).

32. These proposals evoked a storm of protests from the Indian Telegraph Association, which demanded the suspension of action on the recommendations pending the appointment of a further committee, on which the Association should be represented, to re-examine them (paragraph 1, of the letter cited below).

Thereupon the Government of India in letter No. P.-1, Camp, dated the 11th November 1925, from the Secretary, Department of Industries and Labour, to the Director-General of Posts and Telegraphs, made an important pro nouncement of policy which merits full quotation, all the more since the Government of India ordered that their letter should be communicated to all

branches and members of the Indian Telegraph Association and other members of the telegraph staff—

> " Though, owing to the prominence which has been given to this matter, I have been instructed to state so fully the reasons for the decision of the Government of India, I am to observe that they recognise no right on the part of the Indian Telegraph Association to be consulted by them, or to tender advice to them, on the policy they may deem fit to adopt for the organisation of the telegraph service in India, except in so far as it affects the interests of existing members of the Association. The Government of India would have attached more importance to the representations of the Association against the conversion of departmental into combined offices had it been able to contend with a show of reason that the pay or prospects of its members would in any way be affected by the continuance of the policy of conversion. It has not done so. On the contrary a specific assurance was given to the Association last July (1925) by the Honourable Member in charge of the Department of Industries and Labour, and more recently by the Director-General of Posts and Telegraphs, that the pay and prospects of existing members of the telegraph staff would not be adversely affected by this or the other recommendations of the Departmental Committee against which the Association have protested. I am to repeat this assurance, and to explain, so that there may be no misunderstanding, that it is not, and has never been, the intention of the Government of India to accelerate the pace of conversion by discharging departmental Telegraphists. It is, as you are aware, solely for this reason, and to avoid hardship to departmental Telegraphists who would otherwise be displaced that they are not proceeding as rapidly as they could wish this year (1925) with the conversion of departmental into combined offices. They propose, however, steadily to pursue the policy of conversion by adjusting future recruitment, and they hope thereby to obtain valuable economies, resulting from the substitution of a less highly paid for a more highly paid class of signallers, which without loss of efficiency may ultimately assist them in reducing telegraphic charges ".

33. It will be seen that a pledge was given only " that the pay and prospects of existing members of the telegraph staff would not be adversely affected by ..... the ..... recommendations of the Departmental Committee ", that is to say, this particular Committee of 1924-25. Accordingly, the pledge would not be applicable and effective in respect of other proposals. On the other hand, it may be argued that the Government of India apparently recognise the right of the Indian Telegraph Association to be consulted by them on the policy they may deem fit to adopt for the organisation of the telegraph service in India " in so far as it affects the interests of existing members of the Association." It will be informative, therefore, in this connection to quote further from the same letter No. P.-1-Camp, of the

11th November 1925, the remarks of Government on the attitude then adopted by the Indian Telegraph Association :—

"10. The Government of India would have been glad to have left the matter at a reply to the definite request of the Indian Telegraph Association ; but the tone of the Association's communications, and the action that the Association have seen fit to take in support of their representations do not permit them to do so. I am to recite the following facts :—

"(*i*) In the representation of October 19th from the headquarters branch of the Association in Calcutta, and from a number of other branches, a demand was made for a reply within three days, accompanied by a threat that, if it was not received, the Association could not guarantee the continuance of co-operation by the staff in the measures protested against.

"(*ii*) On the 24th October after they had been informed that their representations were being considered by the Government of India, the executive of the Association in Calcutta attempted to enlist outside support by addressing a circular letter to all Chambers of Commerce and Trades Associations.

"(*iii*) On the 5th November, the Association at a meeting in Calcutta passed a Resolution that no co-operation should be given in carrying out the recommendations of the Departmental Committee.

"(*iv*) The Government of India are further in possession of definite proof that the executive of the Association in Calcutta have obtained access to telegraphic communications between you (Director-General) and a Postmaster-General, and have utilised those communications for the purpose of their present agitation.

"11. The Indian Telegraph Association is a service Association ; and the attitude of insubordination which these incidents reveal, would fully justify the Government of India in withdrawing recognition from it. They have considered very carefully whether they ought not to do so. They observe, however, that many of the branches of the Association have couched their representations in reasonable terms and in particular have not threatened non-co-operation if their demands are not met ; and they are not therefore convinced that the attitude and actions of the executive of the Association and its head-quarters branch have the general support, or even the support of a majority, of the members of the Association. For this reason, and because, if it confines itself to its legitimate functions and exercises them with the restraint required of a body consisting of service members, the Government of India welcome the existence of a properly organised Association representative of the interests of numerous employees of the State, they have decided not to withdraw recognition ".

34. The promise of protection from loss of prospects given to the Superior Telegraph Engineering officers in 1914 has been fully implemented throughout these 17 years. Similarly, in the Superior Traffic Branch, First Division,

there are at present 14 appointments as against the 12 sanctioned in 1914 and all these appointments are at present being held by officers of the Traffic Branch, as distinguished from Engineering Officers lent to Traffic Branch although not in a permanent capacity. In the Superior Traffic Branch, Second Division, there are now 35 appointments as against the 27 sanctioned in 1914, and all are now filled by officers promoted from amongst Traffic subordinates, gazetted and non-gazetted. In effect, therefore, the prospects of promotion opened out in 1914 to the subordinates of the Telegraph Department have been maintained throughout these years.

35. Having recounted the history of the theory of " vested interests " in relation to the Engineering and Traffic Branches, respectively, we now proceed to offer our own views and remarks. We start by drawing attention to the fact that in our view, the difference between promises and assurances such as those described in the preceding paragraphs of this Chapter, and the rules and conditions attaching to Government service in general is only one of degree. We believe that we will not be contradicted in the statement that one of the chief attractions of service under the State is its greater permanency and freedom from loss of employment or reduction in pay except of course as a measure of disciplinary action which may in extreme cases amount to discharge or dismissal from service. Our view in this matter is reinforced by the consideration that one of the results of the constitutional changes effected by the Government of India Act of 1919 has been to give a statutory character to a great number of rules regulating the rates of pay and allowances, pensions, and other conditions of service.

36. So far as there are legal implications either in the general body of rules applicable to Government service, or in the assurances that may have been given to any class of employees, we feel that as a Retrenchment Committee we are not in a position to offer any useful advice to Government. Leaving aside, therefore, the legal aspects of the case, we consider that all assurances and pledges whatever their form, cannot escape being affected, modified or even withdrawn owing to a change in the circumstances prevailing at the time they were given. For instance, the work for which the appointments were created may undergo such changes as to render the continued existence of those appointments unnecessary. The existing rules explicitly provide for such a contingency and authorize Government to abolish the appointments by granting their incumbents suitable compensation. As a concrete instance, we would quote the recent dissolution of the Indo-European Telegraph Department of the Government of India. We think, therefore, that no greater regard can be paid to the existence of these " vested interests " at the present time than it would be at any other, and that if it is found that the only difficulty in carrying out otherwise desirable measures of economy is the existence of these pledges, considerations of economy and good administration require that the " vested interests " must give way. In order to soften the hardship to particular officers or class of officers it may be considered necessary or desirable to offer them some compensation for the loss of career and prospects but what the amount of such compensation should be is not a matter that in our opinion can be dealt with by our Committee.

PART II.

Immediate Economies.

CHAPTER IV.

General remarks and considerations.

37. In view of the imperative need for economy and in accordance with the instructions of the Main Retrenchment Advisory Committee, we devoted at the outset our attention to the examination of such economies as are capable of being realised most quickly, without touching the pay and allowances of employees of various classes. The necessity for this course is obvious and was emphasised to us by the representatives of various Associations who appeared before us for oral evidence. We would like, however, to enter a caution to the effect that all proposals for economy must be explored and effected if suitable, side by side and that there can be no question of deferring retrenchment affecting personnel until after other proposals have been tried and found insufficient.

38. While we recognise the necessity for exploring all possibilities of reducing expenditure without touching the pay and allowances of employees, we would before indicating the results of our enquiry draw attention to the fact that in the working budget of the Posts and Telegraphs Department the expenditure on salaries and allowances constitutes a very large item, amounting to Rs. 8,73,00,000 per annum. The economies that we include in this part of our report can be broadly classified as being of two classes *viz.*, (*a*) reduction of contingent and other controllable expenditure and (*b*) abolition of appointments which are no longer necessary for the efficient performance of the work of the Department. In dealing with the proposals falling into either class, our general attitude has been the same as that described in paragraph 17. We have taken care not to make proposals simply for the sake of procuring economies but have paid due consideration to the actual requirements of the public and of the Department.

39. As an introduction to the proposals that we have to make in this behalf, we should like to note with appreciation the results of the efforts which the Department has been making to economise in its expenditure during the last few months. We understand that the Department has surrendered from its budget grant for the year, an aggregate amount of Rs. 10 lakhs distributed under various heads, as shown below :—

	In thousands of rupees.
(1) Travelling allowances	1,82
(2) Temporary establishment	10
(3) Repairs to buildings	58
(4) Repairs to lines	1,57
(5) Repairs to apparatus and plant	5
(6) Purchase and repair of furniture	25
(7) Purchase of mail bags	26

(8) Extra despatches	26
(9) Maintenance of gardens	41
(10) Liveries and uniforms	75
(11) Fixed establishment	25
(12) Stationery and printing	2,17
(13) Allowance to learners of telegraphy	30
(14) Stores and workshop expenditure	1,00
(15) Other contingencies	23
Total	10,00

Some of these items have also been examined by us and our remarks thereon will be found in their proper places in this report.

CHAPTER V.

ECONOMIES INVOLVING SACRIFICES FROM THE PUBLIC.

A.—Curtailment of ordinary mail deliveries.

40. It was suggested to us from various quarters that at some places the number of daily deliveries of mails is in excess of the requirements of the situation and could be curtailed with resulting economy without encroaching upon the convenience of the public. We discussed the matter in great detail with various witnesses competent to advise us and also obtained a detailed statement of the numbers and hours of deliveries in respect of the more important post offices in India. Our examination of this statement which is reproduced as Appendix II has convinced us that the suggestions are in some cases well founded. Calcutta provides the most noticeable instance as there are 10 deliveries during the course of the day at 7, 8, 9, 10, 11-30, 12, 13, 15-30, 17 and 19 hours. Similarly, Alipur has seven deliveries while Howrah, Bombay, Rangoon, Madras and Benares City have five each. We are convinced that such a large number of deliveries is not necessary. In our opinion there should not be more than four deliveries in a working day. In important places like Calcutta, Bombay, Rangoon, Cawnpore, Lahore, etc., the number may, however, be increased to five in the day, provided no extra expenditure is involved.

41. It is difficult to estimate, during the time available to us, the savings that will accrue from this suggestion ; but we have reason to believe that they will not be negligible. For instance, the saving in Calcutta alone will be Rs. 35,000.

B.—Curtailment of special foreign mail deliveries.

42. We understand that up to 1930 special deliveries of the inward foreign mails were made from 131 post offices in the whole of India and Burma, 70 of which were made on payment of over-time to the staff concerned. As a result of a review carried out by the Director General in 1930, special deliveries were abolished in respect of 23 offices, 5 of which were such as involved the payment of over-time. At present there are 108 post offices which make special deliveries and of these 65 involve over-time expenditure to the extent of a lakh of rupees a year.

43. We have considered the feasibility of economising on this expenditure and have given due weight to the convenience afforded to the public at large and to the commercial community by the present arrangements. We have come to the conclusion that the circumstances of the case do not justify the expenditure involved. We would recall that the outward Indian mail to England reaches London generally on Saturdays but is not sent out for delivery until the following Monday. Moreover, the institution of the Air Mail and the introduction of cheap rate telegrams has provided quick means of communication between India and the various foreign countries at very reasonable rates. There is therefore not the same urgency for the delivery of the inward mails as used to be the case a few years ago. We recommend therefore that all special deliveries of the foreign mails should be stopped forthwith and that such delivery should be made along with the first succeeding delivery of the inland mail. If necessary, the delivery of the packet mail may be delayed still further so that it may be

made without incurring any extra expenditure. As a result almost the entire amount spent at present in effecting special deliveries can be saved.

44. Closely connected with this question of special deliveries is the expenditure on sorting at Ballard Pier. The annual expenditure on this account is Rs. 1,22,000. In view of its importance we visited the Ballard Pier Sorting Office while the mails were being sorted. After full consideration, we have come to the conclusion that the over-time expenditure on this work is not only justified but necessary in the interest not of the citizens of a particular station but of the public throughout India and Burma and is also the most economical way of dealing with the mails. We recommend therefore that the present arrangements for sorting, in force at Ballard Pier, should be continued but that efforts should be made to keep the expenditure to a minimum by reducing the rates at which over-time is paid and other contingent expenditure.

C.—Curtailment of special bags for high officials.

45. In this connection we would draw attention to the arrangement by which inward foreign correspondence for certain high officials, not addressed to a post town, receives special treatment at Ballard Pier. Such correspondence is received in Bombay every week by the inward mail steamer in bags marked "India unsorted". Correspondence for high officials of Government included in these bags is sorted out and closed in special bags for the officers concerned, and these bags are forwarded to their headquarters in the absence of any instructions to the contrary. We understand that formerly a large number of officers received this privileged treatment but, on the recommendations of the Posts and Telegraphs Departmental Committee 1924-25, their number was greatly reduced. As a result of a further review in 1929 it was decided that the concession should be restricted to the following officers:—

(1) His Excellency the Viceroy, (2) His Excellency the Commander-in-Chief, (3) Members of the Viceroy's Executive Council, (4) Governors of Provinces, (5) Heads of minor administrations, (6) Agents to the Governor General and Residents in Indian States, (7) Officers to His Excellency the Viceroy, (8) Military Accountant General, (9) Financial Adviser, Military Finance, (10) Director, Intelligence Bureau, (11) Director General, Indian Medical Service, (12) Chief Commissioner, Railways, (13) Members, Railway Board, (14) Financial Commissioner, Railways and (15) Director-General of Posts and Telegraphs.

46. We have given this matter our careful consideration and are of the opinion that the list of officers is susceptible to further reduction and that the concession should be rigidly restricted to the highest officials such as His Excellency the Viceroy, His Excellency the Commander-in-Chief, Governors of Provinces, Officers to His Excellency the Viceroy. We would also allow the arrangement being continued for the Director-General of Posts and Telegraphs because we understand that foreign postal administrations address a number of communications to the Director-General without giving the post town and it is of importance for the efficiency of the Department that such communications should receive attention with the utmost promptitude. It has been stated to us

that the reduction of the list will not result in any economy but will help in reducing the dead weight of the work that has to be done. Such a result is not undesirable in itself and we would further point out that this work has of necessity to be done at high pressure by the staff engaged on payment of over-time in the special weekly sorting on the arrival of the inward mail steamers at Bombay.

D.—Curtailment of postal special trains.

47. At present there are two special trains run under special arrangements between the Department and the Railways for the carriage of foreign mails. The total cost provided for this item in the budget for 1931-32 is Rs. 3,10,000. Of this amount Rs. 77,740 is spent on the Bombay-Madras special train which is run once a fortnight. The bulk of this cost is, however, recovered in the shape of territorial transit charges from various postal administrations situated to the East of India whose mails are also carried by this train. The Director-General has worked out certain revisions in the arrangement by which the net cost is expected to be reduced by about Rs. 10,000 per annum.

48. The second and the more important train is the Imperial Indian Mail which runs once a week betwen Calcutta and Bombay and Bombay and Calcutta *via* the East Indian and G. I. P. Railways. On the down journey it touches important junctions like Bhusaval, Itarsi, Jubbulpore, Cheoki, Moghulsarai, Patna, Kiul and Asansol. On the up journey, however, it takes the Grand Chord line of the East Indian Railway from Asansol to Moghulsarai when it comes on to the main line again. The rake includes three bogie mail vans the charge for which, if they were attached to ordinary mail or passenger trains, would be Rs. 1-2-0 per mile, for each of the up and down trains. Actually the Department has to pay Rs. 1-8-0 per mile hauled. It has been stated to us that the normal charge for postal specials is Rs. 2 per mile. But in this case it has been reduced to Rs. 1-8-0 in consideration of the facts that the accommodation available to the Posts and Telegraphs Department is restricted to three bogie vans and that Railways can attach ordinary coaches for the accommodation of passengers from whom they recover the ordinary first class fare plus an extra charge of Rs. 25-8-0.

49. The average annual expenditure incurred by the Department in connection with this train is Rs. 2,16,000. The Department has examined in great detail the possibilities of reducing the expenditure in connection with this train and the results of the investigation were reported to us. If it were to be assumed that the total mails to be carried between Bombay and Calcutta can be divided into two portions so that two bogie loads are carried by the Bengal Nagpur Railway and one by the East Indian Railway and further that the railways in question will be in a position to carry the extra loads on their mail trains only once a week, a saving of about Rs. 51,000 per annum may be achieved. We are assured, however, that the rai ways concerned will find it impossible to carry these extra loads except perhaps in the slack season. Apart from this we find that the adoption of the alternat ve would involve the Department and the entire public served by the Indian Posts and Telegraphs Department in the greater part of India and Burma in very great inconvenience. It will upset all the timings for the posting and delivery of foreign mails as well as the timings of

the steamer mail service between Calcutta and Rangoon. The arrangements that will have to be made may also conceivably involve a certain amount of extra expenditure which will reduce in part the saving of Rs. 51,000 mentioned earlier. We have therefore come to the conclusion that the economy would be dearly purchased.

50. We understand, however, that the Posts and Telegraphs Department propose to examine, in consultation with the Railway Board, whether the charge to the Department for the haulage for this train cannot be reduced to Rs. 1-2-0 per mile, that being the amount chargeable at the standard rate of six annas per bogie vehicle per mile hauled by ordinary trains. This possibility should be fully explored.

E.—Closing of unremunerative offices.

51. During the years 1924 to 1929 the Posts and Telegraphs Department followed an intensive policy of extending postal facilities, by the opening of new post offices chiefly in rural areas as will be seen from the sub-joined table.

31st March of year.	Total number of post offices, permanent and experimental.	Increase or decrease on corresponding date of previous year.	Number of experimental post offices.	Remarks.
1	2	3	4	5
1924.. ..	19,619	—237	128	
1925.. ..	20,333	714	692	
1926.. ..	20,836	503	739	Intensive policy of extending postal facilities.
1927.. ..	21,699	863	973	
1928.. ..	22,885	1,186	1,288	
1929.. ..	24,137	1,252	1,117	
1930.. ..	24,146	9	258	Abatement of such extension.
1931.. ..	24,291	145	106	

During the last two years, however, due to increasing financial depression the process has suffered abatement; while for the current financial year no funds whatsoever have been allotted for the opening of fresh experimental post offices.

52. In order to control the expenditure on new post offices the Department maintains a very careful watch by means of special returns on the business done in the new post offices as well as on the reduction in the business of the older offices in the neighbourhood. These returns indicate whether the business attracted is sufficient to cover the expenditure involved, and if it is found that this is not the case the office is liable to be closed except under certain conditions. Until December 1930, under orders of the Government of India,

any office the working of which showed a loss exceeding Rs. 500 per annum had to be closed down. As a result of the financial stringency this limit was reduced to Rs. 120 per annum from the date mentioned. From our enquiries we understand that there are considerable difficulties in the way of giving immediate and complete effect to these orders as local Governments and India States sometimes take up the attitude that a decision should not be based on the financial results of any particular post office but only on those of a group of post offices.

53. The following table gives particulars of unremunerative post offices in the month of August 1931 :—

	Number.	Monthly income.	Monthly cost.	Monthly loss.	Annual contributions.
		Rs.	Rs.	Rs.	Rs.
(*a*) Temporarily unremunerative in *British India* ..	1,270	79,425	1,16,493	37,068	316
(*b*) Definitely and permanently unremunerative in *British India* ..	1,059	62,508	1,14,347	51,839	12,779
(*c*) Temporarily unremunerative in *Indian States* ..	334	21,686	29,828	8,142	352
(*d*) Definitely and permanently unremunerative in *Indian States* ..	376	17,634	30,544	12,910	4,768
Total	3,039	1,81,253	2,91,812	1,09,959	18,215

Net annual loss = Rs. (1,09,959 × 12)—18,215=13,01,293.

It will be seen that the existence of these offices involves the Department in a net annual loss of about Rs. 13 lakhs.

54. The time that has elapsed since Government issued their orders reducing the minimum limit has been so short that their effect has not been fully realised. We do not desire therefore to make any further recommendations. Moreover in view of the difficulties and complications alluded to and of other considerations such as public convenience it is not possible to contemplate a ruthless closing down of all these offices. It is also not unlikely that as a result of the various economies that we expect will be achieved, either on the initiative of the Department itself or on our recommendations, the loss incurred at present may be reduced considerably and that some offices which are regarded at present as unremunerative may cease to deserve that qualification. Taking all these facts into consideration we are of the opinion that the orders of December 1930 fixing the permissible limit of loss on the working of post offices at Rs. 120 lay down a fair and reasonable basis for controlling the extension of and for retaining postal facilities. In our opinion these orders should be given effect to wherever possible, due regard being paid to other relevant considerations. From the nature of the case it is not possible for us or for the Department to make any estimate of the saving that may accrue by the closing down of offices which continue to be unremunerative after retrenchment has been effected.

CHAPTER VI.

Economies in Contingent and other Expenditure.

A.—*Stationery and printing.*

——	1925-26.	1929-30.	Budget Estimate 1931-32.
	Rs.	Rs.	Rs.
Stationery	3,04,564	3,49,475	1,90,000
Printing—			
Departmental presses	7,950	7,856	8,000
Government of India presses and others	13,39,757	23,75,590	21,84,000
Total	16,52,271	27,32,921	23,82,000

55. The budget provision for 1931-32 under this head is Rs. 23,82,000, out of which Rs. 1,90,000 is meant for issue of stationery properly so called while the rest is required to meet the cost of printing books and forms inclusive of the cost of paper, binding material, etc. The Department has got no large press of its own and the total annual expenditure on the two small presses, one at Calcutta and the other at Bombay, is only Rs. 8,000. It draws all its supply of stationery and paper from and gets all its printing work done by the Department of Stationery and Printing of the Government of India. Any economies that may be effected in the Stationery and Printing Department the expenditure of which is being scrutinised by another Sub-Committee would therefore be reflected in the budget of the Posts and Telegraphs Department. Nevertheless we are of opinion that the Posts and Telegraphs Department too on its side can help in the matter by restricting its demands as far as possible. We have already mentioned that the Director-General has issued orders by which he expects to secure an economy of Rs. 19,000 per annum in the charge for stationery and also for the curtailment of indents for forms. As will be seen from the figures given earlier, the bulk of the expenditure is incurred on the printing of forms, etc., some of which are meant for use by the Department's clientele. We understand that there is at present a great wastage of such forms as, money orders, telegrams, etc., and that the Department has to allow a percentage of as much as 25 for the wastage of forms used by the public.

56. We have the following suggestions to make for reducing the expenditure on printing and forms :—

(*a*) As proposed by the Director-General of Posts and Telegraphs the percentage for wastage of forms used by the public should be reduced from 25 to 10. When this has been effected it should be seen whether it cannot be reduced still further.

(*b*) A departmental enquiry should be instituted with a view to abolishing unnecessary forms that may be in use and for standardising the size of such as have to be retained.

(*c*) The number of copies of periodical publications should be curtailed so as to reduce to the absolute minimum the number that may remain unutilized or unsold by the time the next issue is due.

(*d*) There are at present several publications the contents of which over-lap ; such as the Posts and Telegraphs Guide, the Quarterly List of Indian Post Office, Classified list of Indian Post Offices, a list of Indian Posts and Telegraphs offices. All contain lists of various offices arranged to suit various purposes. We are of opinion that some, if not a good many, of these could be dispensed with without any inconvenience.

(*e*) We are of opinion that some economy may be effected in producing the annual report by reducing the number of photographs of the past officers of the Department.

57. As mentioned earlier the Department has surrendered Rs. 2,17,000 out of its grant of Rs. 23,82,000 for stationery and printing for the current year. We consider that this saving of nearly 10% should be maintained.

B.—*Maintenance of telegraph lines.*

58. The following figures give the expenditure on the repair and maintenance of telegraph and telephone lines of the Department.

	1925-26.	1929-30.	Budget estimate 1931-32.
	Rs.	Rs.	Rs.
Telegraph lines	10,49,000	11,10,000	12,40,000
Local Telephone lines	1,31,000	2,94,000	3,64,000
Total ..	11,80,000	14,04,000	16,04,000

59. We understand that at present the annual budget grant for this purpose is calculated at a rate per mile of wire or line to be maintained, the rate varying from circle to circle and division to division according to geographical and climatic conditions. It is understood that the grant for ordinary maintenance covers a certain amount of expenditure on the regular overhauling of all the lines every year.

60. It is now proposed by the Posts and Telegraphs Department that in future the repair and maintenance of lines should be carried out in accordance with the following plan :—

(*i*) Annual maintenance (systematic repair and overhaul) of lines and wires should be carried out only on certain main lines which, after careful consideration, it may be decided, must be repaired annually in the interests of satisfactory working.

(*ii*) Maintenance of all other lines to be carried out every two or three years instead of annually as at present.

(*iii*) To prevent petty faults from developing into very serious ones, Linemen and Sub-inspectors should carry out petty repairs during

their periodical patrols ; while special repairs of damages done by storms, floods, etc., should be carried out as soon as occasion arises.

61. The question has been the subject of independent enquiry by us and we are convinced that the proposal is well worth a trial. The results of the experiment should be carefully watched and if it proves a success the arrangement should be made permanent. It has been reported to us that the savings from this proposal may be estimated at Rs. 1 lakh a year. In this connection we would also suggest that advantage should be taken of the enquiries that will be necessary before the experiment is launched to see whether the flat rates per mile of wire, which will be granted for the lines to be repaired annually, biennially or triennially as the case may be, cannot be reduced so that further savings can be secured.

C.—*Liveries and uniforms.*

62. We understand that a comprehensive scheme for the supply of liveries and uniforms and water proof garments to certain classes of employees of the Posts and Telegraphs Department was sanctioned by Government in 1928, but the effect was being given to it only gradually so that certain orders remained uncomplied with by the beginning of the current financial year. We have already mentioned in a previous paragraph that the Director-General has issued orders stopping the issue of uniforms during this year subject to certain exceptions. In view of the large amount spent by the Department on clothing its employees, the matter has received our careful attention.

Generally speaking we are of opinion that the class of employees entitled to the issue of uniforms are such as, in the interest of the Department, should be properly clad. As the same time our enquiries convince us that a certain amount of reduction is possible in this expenditure. For instance under the existing rules warm clothing is supplied at the stations coming under the following categories :—

(*a*) Stations in the plains in the Sind and Baluchistan, Punjab and N. W. F. P., United Provinces, Central and the Bengal and Assam Circles.

(*b*) All stations in the plains in the Bombay, Burma and Bihar and Orissa Circles north of the 22nd degree of latitude, a hill station meaning a station situated at an altitude not below 4,000 ft. above the sea level.

63. The Director-General who has been investigating the matter has proposed tentatively certain changes in the rules for the supply of uniforms, etc., and made them available for our perusal. On examination we have come to the conclusion that the changes should be given a trial and that in our opinion some economy will be achieved without inflicting any real hardship on the staff.

64. We have also had an opportunity for examining samples of the various kinds of material used for making the uniforms and the procedure at present followed in purchasing the material and preparing, stocking and issuing the garments. We are satisfied that the arrangements are generally satisfactory and that no economy can be secured by using cheaper material.

In this connection we attach as Appendix III, a statement showing the cost per set of various kinds of liveries and uniforms.

D.—*Training expenditure.*

65. The Posts and Telegraphs Department trains its entire signalling establishment, consisting of postal signallers in combined post and telegraph offices, and incurs a considerable amount of expenditure on this account. For instance, the budget estimates for 1931-32 originally provided Rs. 60,000 for allowances to postal signallers under training, although it has since been reduced as mentioned in para. 39. Similarly, men intended for employment as telegraphists are recruited on the results of a competitive examination either from the open market or from amongst departmental employees. These are then attached either to departmental telegraph offices or to special training classes where they undergo training for a period of 12 months. During this period of training they are paid a monthly allowance of Rs. 30. In addition to the allowances paid to telegraphists and signallers under training, expenditure is also incurred in travelling allowances and in providing instructors, buildings and necessary apparatus.

66. We have received evidence which tends to show that there are now in various parts of the country certain private institutions where people can learn telegraphy up to the standard required of postal signallers. We consider that advantage should be taken by the Department of this increase in educational facilities for reducing its expenditure on training and that some retrenchment in the cost of training postal signallers will be rendered possible in this way. The following scheme is accordingly proposed for the consideration of Government :—

> When recruiting clerks for the Upper Division, as suggested elsewhere in this report, a certain number of appointments should be set apart to be filled up by candidates who, in addition to the other qualifications required for appointment to the Upper Division, will be prepared to undergo training in telegraphy at their own cost in some private institution. The training should be taken at institutions which are specifically recognised by Government for the purpose and the candidates must be required to qualify up to the standard demanded of a postal signaller according to departmental rules and regulations. We believe that ultimately the entire cost of training postal signallers will be saved. It must be noted that for such clerks we have recommended an extra pay of rupees five to be given while employed as signallers.

E.—*Abolition of Aligarh Workshops.*

67. The Posts and Telegraphs Department has a small workshop at Aligarh which is engaged in the manufacture of locks, badges and letter boxes, etc. The institution is a very small affair and the total capital sunk in the equipment, which consists chiefly of the nature of loose tools, does not exceed Rs. 50,000. The value of the tools is not, on account of its insignificance,

included in the capital account of the Department. The expenses of the Workshops during 1925-26, 1929-30 and 1931-32 (budget estimate) are as shown below :—

	1925-26.	1929-30.	1931-32. (Budget estimate).
	Rs.	Rs.	Rs.
Pay* of officers	3,095	2,305	3,000
Establishments	19,196	20,016	17,700
Allowances	360	39	100
Contingencies	3,009	4,259	4,600

*The Superintendent of Government of India Press, Aligarh, is also Superintendent of Postal Workshops and a part of his pay is contributed by the Posts and Telegraphs Department.

68. The Posts and Telegraphs Department has decided to abolish the Workshops with effect from 1st January 1932 and to obtain all articles, excepting post office stamps and seals, which were manufactured in this Workshop through the Indian Stores Department. It is understood that the post office stamps and seals will continue to be manufactured at Aligarh under the supervision of the Superintendent, Government of India Press. We approve of this decision. We suggest that steps should be taken to dispose of the departmental building, if any, which was used for housing the Workshops. The abolition of the Workshops will lead to a saving of Rs. 30,000 a year.

CHAPTER VII.

Special Pay and Allowances.

A.—*Travelling allowances.*

69. The expenditure on travelling allowances is as follows :—

1925-26.	1929-30.	Budget estimate, 1930-31.
Rs.	Rs.	Rs.
17,70,430	23,82,161	21,54,750

The large increase in travelling allowances depicted by the figures given above has been due, we understand, partly to the fact that railways have withdrawn passes from a large number of departmental officers to whom such passes used to be issued in the past. Even o the figures show a large increase of expenditure under this head.

70. Travelling allowances are paid to a l classes of officials chiefly on two occasions (*i*) for journeys on tour and (*ii*) for journeys on account of transfer. We understand that the revision of the existing travelling allowance rules is already receiving the attention of Government and we have therefore no remarks to offer on this aspect of the matter. We would, however, draw attention to the fact that comparatively heavy expenditure is incurred on the transfers of certain classes o employees which although working in the Circles are borne on All-India cadres. For instance, the General Service Telegraphists are all borne on an All-India cadre and so are Engineering Supervisors. We find that in order to avoid unnecessary hardships in the matter of transfers of telegraphists the Department has had to draw up elaborate transfer rules to determine which particular telegraphist employed at a station should or should not be transferred when the necessity arises. We understand that the existence of the e transfer rules involves the Department in a considerable amount of expenditure on travelling allowances.

71. We do not think that it is proper or conducive to economy to have All-India scales for large non-gazetted cadres like those of Telegraphists or Engineering Supervisors and we suggest that immediate steps should be taken to ' provincialise ' as many of such cadres as may be possible. Our discussions with the representatives of Associations convince us that departures from the rigid application of the transfer rules in the interest of economy will be accepted as inevitable.

72. We find that in several branches of the Department certain officials are classed, for the purposes of travelling allowances, in a class higher than that for which they are eligible in accordance with the provisions of Supplementary Rules 17 (*b*), and 17 (*c*) :—

Designation of Officials.	Pay.	Class in which actually included.	Class under S. R. 17(*b*) or 17(*c*).
	Rs.		
Assistant Superintendent of Telegraph Workshops.	375—975	I	I Class for a pay exceeding Rs. 750 and Class II for a pay not exceeding Rs. 750.
Assistant Engineers	350—700	I	II
Assistant Electricians	350—700	I	II
Officers of the 2nd Division of the Superior Traffic Branch.	350—700	I	II
Superintendents of Post Offices and R. M. S. including those employed as Assistants Postmaster General.	300—750	I	II
Probationary Superintendents of Post Offices.	200	II	Inter Class.
Inspectors of Post Offices and R. M. S.	160—250	II	Inter class up to a pay of Rs. 200 and II Class for a pay above Rs. 200.
Engineering Supervisors	120—350	II	
Electrical Supervisors	120—350	II	Ditto.
Assistant Cable Foremen ..	150—350	II	Ditto.
Candidates under training for posts of Assistant Divisional Engineers, Telegraphs.	200	II	Inter Class.
Wireless Investigating Officers ..	160—250	II	Inter class up to a pay of Rs. 200 and II for a pay above Rs. 200.

73. It has been urged before us that Superintendents of Post Offices and the Railway Mail Service hold responsible positions, that they have considerable powers of sanction and that the whole work of the post office depends upon their efficiency. They have to travel about constantly and it is therefore important that they should be given every facility for travelling in comfort by night as well as by day. Lastly, it has been urged that they have been enjoying the concession of being treated as first class officers for purposes of travelling allowances ever since 1870. We have given these grounds our full consideration but are of the opinion that in the present financial stringency they are not sufficient to justify the additional expenditure involved by this special classification of the various officials including Superintendents of Post Offices

and R. M. S. We consider that all these officers should be classified in accordance with Supplementary Rule 17 (*b*) and (*c*).

From the nature of the recommendation and due to the shortness of time at our disposal, it was not possible for us to obtain any estimate of the savings from our proposals. But we have no doubt that in the aggregate they will be substantial.

B.—*Free accommodation and house-rent.*

74. The total expenditure incurred by the Indian Posts and Telegraphs Department on account of house-rent allowances amounts approximately to Rs. 16 lakhs. In addition, there is an indeterminate cost incurred by Government in providing free quarters. This question came under the examination of the Indian Retrenchment Committee of 1922-23 and an extract from paragraph 20 of Part III of their report is quoted :

> " We consider that the whole question of house-rent allowances should be reviewed. The reasons given for granting house-rent allowances to General Service Telegraphists is that they are liable to long transfers from one end of India to another at a very short notice. This gave rise to the question of providing them with quarters and, at places where quarters are not provided, compensation is given in lieu. We do not think that the granting of free accommodation or house allowances to four out of every five telegraphists can be justified. We are of the opinion that in cases where it is necessary to provide quarters for the staff reasonable rents should be charged and where such accommodation is not available house-rent allowances should be granted for a reasonable period only until the men transferred have had an opportunity of finding suitable accommodation."

75. The following figures illustrate the increase in house-rent allowances granted to all classes of employees in the Department during the last six years :—

1925-26.	1929-30.	Budget estimate 1930-31.
Rs.	Rs.	Rs.
26,31,030	33,03,102	34,57,400

76. The authority for the grant of rent-free quarters or an allowance in lieu, to members of the establishment in the Telegraph Engineering, Traffic, and Wireless Branches is contained in Government of India, Commerce and Industry Department letter No. 13942-182, dated the 23rd August 1915, and Finance Department letter No. 1209-E.B., dated the 27th August 1915. The following classes of officials are covered by this authority :—

(1) Members of the signalling establishment.

(2) Deputy Superintendents and Officers of the 2nd Division Superior Traffic Branch.

(3) Officers of the Engineering and Wireless Branches corresponding to those noted at item 2 above.

It has also been laid down that officers of the Second Division of the Superior Traffic Branch, Deputy Superintendents, Telegraph Masters, and

Telegraphists in-charge of departmental telegraph offices, as also the senior Testing Telegraph Master or Testing Telegraphist in an office should be provided with rent-free quarters in the telegraph office building.

77. On the postal side, Finance Department Resolution No. 1626, dated the 7th July 1873, permitted the grant of free quarters to Postmasters and such other establishment as it may be necessary for the proper discharge of the work of the Post Office to have remissions. The Postmaster is required to sleep on the office premises.

78. Government have also sanctioned the continuance of the grant of rent-free accommodation to the inferior servants of certain departmental telegraph offices to secure the proper performance of their duties. The inferior servants to whom this concession has been granted consist generally of sweepers, malis, bhistis, water-men, delivery peons, head peons, and jemadars.

79. Under the orders of Government of 1873 quoted in paragraph 77 above various classes of officials of the Postal Branch were granted by the Director-General, the concession of rent-free accommodation at various places and on various grounds. On the introduction of the Fundamental Rules the grant of such concessions under the old orders of 1873 ceased to be within the competence of the Director-General, and the Accountant General, Posts and Telegraphs, has challenged the continuance of the old sanctions as being unauthorised.

80. Where reasons for the grant of rent-free quarters are given they fall under one or other of the following headings :—

(1) The officials have to perform their ordinary duties at night or at unusual hours ;

(2) The presence of the officials on the premises day and night is necessary to safeguard Government property ;

(3) No residential accommodation is available at a reasonable rent in the locality ;

(4) The concession is allowed by the Local Government to officials of corresponding status ;

(5) The officials are stationed at places, service at which entails separation from their families ;

(6) The concession is granted in lieu of house-rent allowances ; and

(7) The officials have enjoyed the concession for a long time past.

81. We have given the matter our careful consideration and think that due to the developments in transport facilities, private housing and other amenities of life that have occurred since the orders of Government were issued and to the changes in the conditions of service of certain classes of employees that have come about during the course of these years, the whole policy requires revision. In our opinion the mere fact that a Government residence is available for particular employees and that such residences are charged for at the

assessed rate not exceeding a percentage of the pay of the employees is in itself a great help and concession not available to Government or even private servants at large. Rent free accommodation, or house-rent allowance in lieu thereof, should, we think, be granted only in cases where such concession is undoubtedly justified and facilitates the transaction of public business. We recommend accordingly that the grant of accommodation at the expense of the State or house-rent allowances in lieu should be regulated in accordance with the following principles :—

(*a*) For postmen, linemen, inferior servants and employees of corresponding status in all branches of the Department, the present arrangements should continue.

(*b*) Non-gazetted officials, in all branches, of ranks above those of linemen, postmen and inferior servants, who on account of the nature of their duties have to live on the premises, should be exempt from rent.

(*c*) Gazetted officers who on account of the nature of their duties have to live on the premises, should be charged the assessed rent subject to a maximum of 5 per cent. of their pay, etc.

(*d*) All other officials whether non-gazetted or gazetted, if accommodated in Government buildings, should be required to pay the assessed rent subject to a maximum of 10 per cent. of pay.

82. We also recommend that the Posts and Telegraphs Department should institute a special enquiry into the rates of house-rent allowances that are paid at present and should revise them after due consideration of all the relevant factors including house-rent allowances that may be given by local Governments to their employees of corresponding status.

C.—*Overseas pay and Lee Concessions.*

83. We have considered in some detail the question of the effect on the expenditure of the Posts and Telegraphs Department of what are commonly known as the Lee Concessions. It is unnecessary for us to recapitulate the orders of Government that have been issued in this connection from time to time but it will suffice to say that the more important of these concessions consist of the grant of overseas pay and cost of passages to all members of non-Asiatic domicile and to a certain number of Indian officers of the Superior Services, and increased pensions. Under recent orders the passage concession has also been extended on a reduced scale to certain officers who do not belong to the Superior Services.

84. Out of a total of 115 officers in the Indian Posts and Telegraphs Department belonging to services or holding posts included in the Superior Civil Services Rules, 40 are in receipt of overseas pay in addition to pay or basic pay under rules 5 and 8 of the Rules, 6 are enjoying the sterling remittance concession, 47 are entitled to the passage concessions under rule 12 of the Rules and 112 (excluding 3 I. C. S. officers) are eligible for the pension benefit under rule 13 of the Rules.

85. There is another way in which the scope of the concessions has been extended. The rules for the determination of domicile, as originally inserted

in the Superior Civil Services Rules were amended in 1927 and as a consequence it became necessary, so we understand, to review the claims of certain officers of the Posts and Telegraphs Department along with officers in other departments, holding posts coming under the operation of these rules, that had been rejected under the old domicile rules. As a result of this review 12 officers of the Department became entitled to these concessions and there are, we understand, 5 other cases pending final decision.

86. There is a volume of Indian opinion which regards these concessions as an unfair burden on Government revenues and would like to see them abolished entirely. Our discussions with the representatives of Service Associations who appeared before us, have made it clear to us that there is a good deal of misconception about the nature of these concessions and it is overlooked that a part of these emoluments is an integral part of the officials' pay although it is shown separately for a special purpose.

87. As the Lee Concessions are admissible to a large number of officers employed in most departments of Government they will be examined, we presume, as a general matter by the General Purposes Sub-Committee and the Government of India; and they will no doubt consider all the various implications involved, including the fact that the amount of overseas pay expressed in rupees is converted into sterling by a special rate of exchange of 2 shillings to the rupee, irrespective of the actual market rate of exchange or the statutory rate. For our part we are of the opinion that the cut in pay of existing incumbents and the reduction in pay of future recruits which we have recommended in other chapters of this report should apply equally to overseas pay or the amount of remittance benefit. The question of passages is more complicated and we think that, as a measure of immediate economy, the number of passages standing to the credit of an individual officer and the members of his family should be reduced by one.

We are further of the opinion that the special medical benefits enjoyed by officers of non-Asiatic domicile should be withdrawn and only such benefits should continue to be available as are open to all Government officers irrespective of their domicile.

D.—Special pay and miscellaneous allowances.

88. We have noticed during our enquiries that a very large amount of money is spent every year by the Department in the shape of special pay and allowances to employees. Some of these are granted for specific addition to duty, while others, *e.g.*, exposure allowance, kit allowance, Cutch allowance, etc., are granted for a variety of reasons. The question of special pay granted to incumbents of certain specific appointments have been dealt with incidentally at various places in this report and we have also made separate recommendations in connection with the grant of passages and special medical benefits to officers of non-Asiatic domicile. We had intended to investigate completely the other instances of special pay and other allowances but the time at our disposal did not permit of this being done. We recommend however that a thorough departmental enquiry should be instituted and that the amount of these allowances including special pay should be drastically reduced where it cannot be abolished altogether.

CHAPTER VIII.

Retrenchment and Economies in staff.

89. As is well-known, the organisation of the Department is highly centralised and for the purposes of this Chapter we intend dealing first with the administrative offices including those of the Director-General of Posts and Telegraphs, the Postmasters-General, Controller of Telegraph Stores, Superintendent of Telegraph Workshops, and the Electrical Engineer-in-Chief, before proceeding to deal with the executive organisation which is divided, broadly speaking, into four different branches, namely, the Post Office, Telegraph Traffic, Telegraph Engineering, and Wireless.

A.—*Office of the Director-General of Posts and Telegraphs.*

90. The organisation of work and staff comprising the Directorate of the combined Department as it stood on the 1st April 1931 is illustrated by the chart appended as Appendix IV to this report. The organisation as depicted in the chart has been reached as a result of certain changes introduced in the working of the Directorate during the last few years. Compared with the strength in 1922-23 when the Inchcape Committee wrote their Report the gazetted establishment of the Directorate has decreased by one appointment of Assistant Director-General, Telegraphs, which post was transferred to the Agra Telegraph Office. In addition owing to the separation of the staff of the Electrical Engineer-in-Chief from the Directorate, there has been an apparent reduction of five officers in the latter.

91. As a measure of retrenchment two superior posts, one of Deputy Director-General, Staff, and other of Deputy Chief Engineer, Telegraphs, have been temporarily held in abeyance as an experimental measure, their places being taken by two officers of lower rank, *i.e.*, an Assistant Director-General and a Divisional Engineer, Telegraphs, respectively.

Abolition of the post of Deputy Director-General, Staff.

92. It has been stated to us that it is too early yet to pronounce on the success of this experiment and it has been pointed out that no steps have so far been taken to delegate more extensive powers to Heads of Circles on which the success of this experiment was regarded as being contingent. We have examined the question and consider that there is no reason for apprehending that the experiment will not be a success, and in our opinion the appointment of the Deputy Director-General can be abolished permanently.

93. From the date of abolition of the Deputy Director-Generalship a temporary appointment of an Assistant Director-General has been created on a pay of Rs. 1,000—50—1,500 *plus* a special pay of Rs. 125. The question of retaining this temporary appointment is dealt with in a later paragraph where the question of reducing the number of Assistant Directors-General's

appointments has been discussed. For the purposes of this paragraph the saving is estimated as follows :—

	Average cost per mensem. Rs. A. P.
Gross saving.—Pay of Deputy Director-General Rs. 1,750—100—2,250 *plus* special pay of Rs. 175	2,050 14 0
	175 0 0
	2,225 14 0
Deduct.—Pay of Assistant Director-General Rs. 1,000—50—1,500 *plus* a special pay of Rs. 125	1,186 8 0
	125 0 0
	1,311 8 0
Net saving per mensem	914 6 0
Annual saving	11,000 0 0

Abolition of the post of Deputy Chief Engineer, Telegraphs.

94. One post of Deputy Chief Engineer, especially for telephones, was created in 1920 and a second in 1921 both being in the grade of Directors, Telegraph Engineering, namely Rs. 1,750—100—2,150. They drew a special pay of Rs. 175 *plus* overseas pay and passage concessions when admissible. As a result of reorganisation of the Directorate carried out in 1928, one post of Deputy Chief Engineer, Telegraphs, was abolished, a post of Deputy Director-General, Staff, being created simultaneously. From the 10th of May 1931, the second post of Deputy Chief Engineer has been held in abeyance, experimentally as a measure of economy, and an officer of Divisional Engineer's rank has been appointed on his own pay *plus* a special pay of Rs. 100, to serve as Personal Assistant to the Chief Engineer. It is interesting to recall that the arrangement now made, as an experimental measure, is identical with what was authorised in 1914 when the Post Office and the Telegraph Department were amalgamated.

95. In the interval that has elapsed since 1928, the organisation of work in the Circles has been changed and improved as will be described in a later paragraph so that every proposal of importance that comes up to the Director-General on the Engineering side reaches him after having passed through a Divisional Engineer, an Engineer officer of administrative rank (in 5 Circles) and the Postmaster General himself. The Engineering Branch has moreover been relieved of all questions relating to personnel and establishment and is now concerned chiefly with the construction and maintenance of the technical equipment of the Department. In this connection, we would also refer to the fact that in the majority of provinces, the gazetted assistance provided for Chief Engineers of the Public Works Department consists of officers of Divisional rank and not of officers of the status of Superintending Engineers with whom the Director of Telegraph Engineering and the old appointments of Deputy Chief Engineers obviously correspond.

96. In the circumstances we are clearly of the opinion that the appointment of the Deputy Chief Engineer can be abolished forthwith, his place being

taken as at present by an officer of Divisional rank with a special pay of suitable amount. Our colleague, Mr. Mohammad Yamin Khan, dissents from this view, however, and is of the opinion that the Personal Assistant to the Chief Engineer should be of the status of Assistant Divisional Engineer, Telegraphs.

The saving from the replacement of a Deputy Chief Engineer's appointment by that of a Divisional Engineer is calculated below :—

	Average cost per mensem. Rs. A. P.
Gross saving.—Pay of Deputy Chief Engineer Rs. 1,750—100—2,150 *plus* special pay of Rs. 175	2,043 5 4
	175 0 0
	2,218 5 4
Deduct.—Pay of Divisional Engineer Rs. 625—1,375 *plus* special pay of Rs. 100	897 7 0
	100 0 0
	997 7 0
Net saving	1,220 14 4
Annual saving	14,650 12 0

Appointment of Controller of Telegraph Traffic.

97. A post of Controller of Telegraph Traffic in the Superior Traffic Branch, I Division (Pay Rs. 1,000—50—1,500) was created permanently from the 27th March 1922 after it had been temporary for two years. It was held temporarily in abeyance with effect from the 10th January 1923, as a measure of retrenchment, but it was recreated from the 7th April 1924, the special pay being reduced to Rs. 100 in May of the same year.

98. The necessity for this appointment was exmained by the Posts and Telegraphs Department Committee of 1924-25, paragraphs 85-88 of whose report are reproduced *verbatim* :—

"85. Telegraph traffic control as generaly understood is control exercised by one or more central officers who receive frequent (for instance, in America, hourly) reports from the outlying main offices as to the state of their traffic. The Controller, in the light of these current reports, gives instructions for the routing of all traffic so as to minimise delay. The local officers are required to carry out the Controller's instructions and there is no room for friction between any two offices the traffic of which he regulates.

"86. Traffic control in this sense does not exist in India. The so-called Traffic Controller here is a touring officer of the Director-General's headquarters staff, who does not regulate the hour to hour routing of traffic but whose functions appear rather to be more those of a general assistant to the Deputy Director-General in dealing with matters of general administration

We have found no evidence of any special value being attributed to his operations from the traffic control point of view, though it is generally recognised that his visits to different offices enable him to give useful help in connection with staff questions. He appears in fact to have absorbed some of the duties of the Deputy Director-General (Traffic) and it appears doubtful whether this duplication is necessary.

"87. If as we have proposed in paragraph 78 the Traffic Branch is relieved of the bulk of the troublesome establishment work which now devolves upon it, the burden of the Deputy Director-General, Traffic, should be considerably lightened and it would even appear that this officer might be able to dispose of the regular administrative work, and to undertake such occasional touring as might be necessary, without the assistance of the 'Controller' whose post could be abolished.

"88. The Committee do not, however, feel justified in recommending an immediate decision to this effect. They are disposed to think, rather, that it would be best to arrange that the personal duties of the Traffic Controller and of the Deputy should be redistributed in such a way as to permit the functions of the former to assume more largely the character implied by the name, while the discharge of ordinary administrative and inspecting duties should devolve more extensively on the latter. After a reasonable trial of such an arrangement—for a period, say, of six months or a year—a decision could be taken upon a surer basis as to whether the lesser post need be retained at all."

99. In the reorganisation of the Directorate that has been effected during recent years the Traffic Branch has been relieved of all questions relating to personnel and establishment and has now to deal only with technical questions relating to the administration and development of telegraph and telephone traffic. Simultaneously with this reorganisation the Assistant Director-General, Telegraph Traffic, was transferred to the newly organised Staff and Establishment Branch leaving the Deputy Director-General, Traffic, with two gazetted assistants, namely, the Controller of Telegraph Traffic and the Assistant Deputy Director-General, Traffic, the latter being in the Superior Traffic Branch, Second Division. As a result the Traffic Branch has been divided into two sections, one of which has been placed in charge of the Controller of Telegraph Traffic. This officer has therefore tended to become a stationary officer enagaged in the disposal of the ordinary office work of the Directorate and the post no longer serves the object for which it was ostensibly created.

100. The evidence before us also shows that traffic control of the kind practised in America by one or more centrally stationed officers has never been exercised in India, and that the Controller of Telegraph Traffic has not been of any great assistance in the disposal of telegraph traffic. We are of the opinion that the existing arrangements for disposal of this kind of traffic without the intervention of the Controller of Telegraph Traffic will meet all requirements and that this appointment should be abolished entirely. The pay of the appointment is Rs. 1,000—50—1,500 *plus* a special pay of Rs. 100 and the average monthly saving would be Rs. 1,286-8-0. The annual saving will be Rs. 15,438.

Assistant Directors-General.

101. Below the officers ranking as Deputy Directors-General and the Chief Engineer, are several officers of lower rank, namely a Traffic Controller a Personal Assistant to the Chief Engineer (in place of Deputy Chief Engineer), 2 Assistant Directors-General, Staff, inc'uding one temporary, 2 Assistant Directors-General, Establishment, 2 Assistant Directors-General Mails, 1 Assistant Director-General, Miscellaneous, 1 Assistant Director-General, Budget and 1 Assistant Deputy Director-General, Telegraphs.

102. In paragraph 8 of Part III of their report, the Indian Retrenchment Committee of 1922-23 recommended the abolition of one post of Assistant Director-General out of the 6 then existing. Eventually, this was found impossible and the reduction was not effected Our recommendations in respect of these appointments are given in the succeeding paragraphs.

103. We have already dealt in paragraph 94 above with the temporary appointment of the Personal Assistant to the Chief Engineer. In our opinion this appointment should be made permanent. We have already recommended the abolition of the Controller of Telegraph Traffic.

104. Including the Assistant Deputy Director-General, Telegraphs, there are thus 9 appointments to help the Deputy Directors-General. Seeing that since the Inchcape Committee reported on the matter a reorganisation of the work in Circles and in the Directorate has been effected and in view of our proposals contained elsewhere in this report, relating to—

(*a*) Delegation of further powers to Postmasters General,

(*b*) Localisation of several of the existing All-India cadres, *e.g.*, Telegraphists, Engineering Supervisors and officials of similar status, and

(*c*) Simplification of work due to the introduction of the Civil Services (Classification, Control and Appeal) Rules,

we are of the opinion that by suitable redistribution of work 2 of these 9 appointments should be brought under reduction. For instance, the localisation of the cadres and delegation of powers to Postmasters General should reduce the staff and establishment work very materially so that the group of 4 officers dealing with staff and establishment matters can very well be reduced to 3. Similarly, the work at present entrusted to the Assistant Director-General, Miscellaneous, can be divided up between the Assistant Director-General, Budget, and the Chief Superintendent of the office, who although non-gazetted is on a high rate of pay, so that the post of Assistant Director-General, Miscellaneous, can be abolished.

105. The present pay of Assistant Directors-General is Rs. 1,000—50—1,500 *plus* a special pay of Rs. 125 and the abolition of the two appointments recommended by us will result in an average monthly saving of $2 \times$(1,186-8-0 *plus* 125) = Rs. 2,623. The annual saving will be Rs. 31,476.

Reduction of the status and emoluments of Assistant Directors-General.

106. The Assistant Directors-General are at present in receipt of a pay of Rs. 1,000—50—1,500, which is the same as that of Deputy Postmasters General. In addition they receive a special pay of Rs. 125. It will thus be seen that Assistant Directors-General may be appointed from amongst

Deputy Postmasters General in which case their translation to the Directorate means an increase of only Rs. 125 per mensem. On the other hand, and we believe that this applies to the majority of cases, Assistant Directors-General are selected from among Superintendents of Post Offices the maximum of whose scale of pay is Rs. 750. A Superintendent of Post Offices therefore receives a minimum benefit of Rs. 375 on being made an Assistant Director-General. In our opinion, the emoluments are higher than the kind of work and responsbilities entrusted to these officers demand. We therefore think that this special grading for Assistant Directors-General should be abolished and they should receive a basic pay *plus* a special pay, of 30 per cent. of their basic pay. At the same time, their designations should be changed from Assistant Directors-General to Assistant Deputy Directors-General as one of the 9 officers is called at present.

107. We have a further recommendation to make as regards the filling up of the appointments of Assistant Deputy Directors-General. The work in the Directorate is of a mixed character. It requires a knowledge of the technical and special work done in the Department at large. In addition, the work is of a secretarial nature in which a knowledge of past discussions of problems of administration, scales of pay, and matters of policy, is equally essential. We consider therefore that it would add to the efficient discharge of work, and therefore economy, if the appointments of Assistant Deputy Directors-General were thrown open to the Superintendents of the Sections of the Director-General's Office. In short, we recommend that the 7 appointments of Assistant Deputy Directors-General should be filled from amongst Superintendents of Post Offices, Superintendents of Telegraph Traffic, Assistant Engineers, etc., and the Superintendents of Sections of the Office of the Director-General.

The conversion of the appointments as recommended by us, on the basis of the scales of pay in force at present for Superintendents of Post Offices and Superintendents of Telegraph Traffic will yield an annual saving of Rs. 78,700 as worked out in the table below :—

Present.				Proposed.			
No.	Designation.	Cost of each post.	Total cost.	No.	Designation.	Cost of each post.	Total cost.
		Rs.	Rs.			Rs.	Rs.
8	Assistant Directors-General—Pay Rs. 1,000—50—1,500.	1,187		5	Assistant Deputy Directors-General, Postal—Pay Rs. 300—20—600—25—750	524	
	Special pay ..	125	10,496		Special pay 30 per cent. of pay	157	3,405
	Assistant Deputy Director-General—Pay Rs. 350—20—550—30—700 ..	396		2	Assistant Deputy Directors-General (Telegraphs)—Pay Rs. 350—20—550—30—700 ..	396	
	Special pay ..	100	496		Special pay Rs. 30 per cent. of pay ..	118	1,028
	Total ..	..	10,992		Total ..	..	4,433

Saving—Rs. 6,559 per mensem.
Deduct—Saving of Rs. 2,623 per mensem shown in para. 105.
Net saving—Rs. 3,936 per mensem or Rs. 47,232 per annum.

Clerical establishment in the Director-General's office.

108. We find that the clerical establishment of the office of the Director-General of Posts and Telegraphs has undergone a process of reorganization since July 1928 and that its strength has been investigated once by a special officer and again by a special Departmental Committee. We are glad to note that retrenchment has received constant attention during these enquiries. As a result of the recommendations of the special officer, the establishment of the Electrical Engineer-in-Chief, which used to be borne on the cadre of the Director General's office, although it was located at Alipore, was separated and 25 clerical appointments and some inferior posts were reduced yielding a saving of about Rs. 78,000 per annum. The Departmental Committee recommended the retention of a staff of 14 Superintendents, 78 Assistants and 70 clerks with a leave reserve of 13 Assistants and 7 clerks. We understand that the recommendations of this Committee have been accepted with the modification that the entire leave reserve should be in the grade of clerks. The scheme is expected to yield a saving of Rs. 53,000 per annum. In view of the facts that the recommendations were made by an expert Committee and that they have been accepted by Government we have no wish to express any views.

Rates of pay for the clerical establishment in the Director-General's office.

109. The office of the Director-General of Posts and Telegraphs was reorganised in 1929 on the lines of an attached office of the Government of India and simultaneously substantial reductions were made in the strengths of the clerical and inferior establishments. With effect from 1st April 1930, with the approval of the Standing Finance Committee, the staff were given the rates pay which are applicable to the staff of other attached offices *e.g.*, Chief Controller of Stores, Indian Stores Department, Director-General, Indian Medical Service, etc., etc. The scales of pay are as follows:—

Chief Superintendent ..	Rs. 600—40—800.
Budget Superintendent ..	Rs. 500—25—700.
Superintendents and 2 Budget Assistants	Rs. 350—25—600.
Personal Clerk to the Director-General	Rs. 150—10—300—12½—400 *plus* special pay of Rs. 50 (existing incumbent is on former scale of Rs. 300—20—500 *plus* special pay Rs. 50).
Assistants	Rs. 120—8—160—10—350 (Efficiency bars at Rs. 200 and 300).
Stenographers	Rs. 150—10—300—12½—400 (Efficiency bar at 250) (existing incumbents are on former scale of Rs. 100—300 *plus* special pay Rs. 25).
Head Clerks	Rs. 160—5—175 (existing incumbents are on former scale of Rs. 160—10—200).
Clerks	Rs. 75—4—155 (Efficiency bar at 155) (many are on former scale of Rs. 55—5—155).

110. As the scales of pay have been assimilated to those applicable to other attached offices of the Government of India, we do not feel competent

to advise as to how they should be modified. We expect, however, that this matter will receive the attention of the General Purposes Sub-Committee and we recommend that the Director General's office should receive the same scales of pay as may be recommended by the General Purposes Sub-Committee for the other attached offices. There is, however, one consideration which we should like to mention in this connection. We understand that these scales of pay are based on the consideration that the headquarters of the attached offices are at Simla. The headquarters of the Director-General are, on the other hand, at New Delhi and we understand that the bulk of the staff remains at New Delhi all the year round. As New Delhi is presumably a cheaper place than Simla, it is a matter for consideration whether the scales of pay for attached offices which remain permanently at New Delhi should not be lower than those offices which are supposed to have their headquarters at Simla.

B.—Circle Offices.

111. The direct administration of the Department excepting that of the four specialised branches, namely, Wireless, Stores, Workshops, and the Electrical Engineer-in-Chief, is entrusted to Heads of Circles of whom there are 8 Postmasters-General of the major Circles and one Director of Posts and Telegraphs, in charge of the Sind and Baluchistan Circle.

Under these Heads of Circles are a number of officers of lower grade as shown in the accompanying table :—

Circle.	Engineering.		Telegraph Traffic.		Postal.	
	Director.	Personal Assistant to Director.	Deputy Postmaster General.	Superintendent of Telegraph Traffic or Personal Assistant to P. M. G.	Deputy Postmaster General.	Assistant Postmaster General.
Bengal and Assam ..	1	1	1	3	3	5
Bombay	1	1	1	2	2	5
Burma	..	1	1	1	1	2
Central	..	..	1	2	1	3
Madras	1	1	1	2	2	4
Punjab and N. W. F. ..	1	1	1	2	2	5
Sind and Baluchistan	..	..	..	1	..	1
United Provinces ..	1	1	1	2	2	3
Bihar and Orissa ..	..	..	1	..	1	3
Total ..	5	6	8	15	14	31

Superior Traffic Branch, I Division.

112. Prior to 1914, the Postal and Telegraph Departments were entirely separate organisations. They were amalgamated about that time and a number of appointments in the old Telegraph Department consisting chiefly of Engineers were brought under reduction. At the same time a Superior Traffic Branch divided into two divisions was created to deal with telegraph traffic questions of the country. Recruitment to this service was confined entirely to the promotion of subordinates in the Telegraph Branch consisting of Telegraphists, Telegraph Masters, and Deputy Superintendents, but until recently the higher appointments in the Telegraphs Traffic Branch were being filled by Engineer Officers seconded from the Engineering Branch under the arrangements sanctioned in Resolution No. 3062-3066-101, dated the 24th April 1914 issued by the Government of India in the Department of Commerce and Industry, announcing the amalgamation of the two Departments.

113. The Superior Traffic Branch, I Division (Pay Rs. 1,000—50—1,500) includes 14 appointments, namely, Assistant Director General, Telegraphs, at present engaged in the Establishment Branch of the Directorate, Controller of Telegraph Traffic, 4 Chief Superintendents of the Central Telegraph Offices at Bombay, Calcutta, Madras and Agra and 8 Deputy Postmasters General, Traffic, attached to Circles, shown in the table in paragraph 111.

The second Division of the Superior Traffic Branch includes 35 appointments of which 15 are attached to Circle headquarters either as Superintendents, of Telegraph Traffic, or as Personal Assistants to the Deputy Postmasters-General, Traffic, while the others are attached to various Telegraph Offices all over India and Burma. There is no leave reserve in either of the two divisions, this being provided in the cadre for Telegraphists.

114. Until about two years ago the 5 Directors of Telegraph Engineering were directly under the Director-General in the Engineering Branch, and were responsible for all engineering work throughout India, exclusive of Burma and Sind and Baluchistan. About that time the Circles were unified and the Directors were attached to the offices of the Postmaster-General concerned whose Engineering Advisers they became. In these 5 Circles, therefore, the Postmasters-General have now 2 officers of administrative rank to help him in dealing with telegraph matters exclusive of questions relating to telegraph personnel and establishment which are dealt with, as we understand, in the ordinary establishment branches of the Circle offices. We are of the opinion that there is no justification for this duplication of superior personnel for dealing with telegraph matters in these Circles and the question therefore resolves itself into deciding whether the appointments of Deputy Postmasters General, Traffic, or those of Directors of Telegraph Engineering, should be selected for reduction.

115. We have given the question of the alternative reduction of the posts of Deputy Postmasters General, Traffic or of the Directors of Telegraph Engineering, careful consideration. The evidence that has been tendered to us from various quarters leads us to the conclusion that the Directors of Telegraph Engineering can look after the work of Deputy Postmasters-General, Traffic and have also the time necessary for the purpose. On the other hand, Deputy Postmasters-General, Traffic, cannot look after the engineering work of the Department. These considerations coupled with the almost unanimous

evidence that we have received from competent witnesses makes us conclude unhesitatingly that 7 out of 8 Deputy Postmasters-General, Traffic, are superfluous and can be abolished without any detriment to the efficiency of the Department.

116. The appointments for abolition are as follows:—

(*a*) Deputy Postmasters-General, Traffic, in each of the 5 Circles to which Directors of Telegraph Engineering are attached 5

(*b*) Deputy Postmaster General, Traffic, Central Circle .. 1

This Circle has at present a Deputy Postmaster-General, Traffic, and two officers of the Second Division serving either as Superintendents of Telegraph Traffic or Personal Assistants. On the evidence before us, we are of the opinion that the Deputy Postmaster-General, Traffic's appointment can be abolished but the two appointments of the II Division should be retained.

(*c*) Deputy Postmaster-General, Bihar and Orissa Circle .. 1

One Deputy Postmaster-General, Traffic, is attached to this Circle but there are no Superintendents of Telegraph Traffic, or Personal Assistants. There are only 3 departmental offices in the whole of the Circle, the most important of which at Patna, is in charge of a Deputy Superintendent. We are of opinion that this appointment of a Deputy Postmaster-General, Traffic, can be abolished but that it should be replaced by the appontment of Superintendent of Telegraph Traffic, to help the Postmaster-General.

(*d*) *Burma Circle.*—In the Burma Circle, there is one Deputy Postmaster-General, Traffic, and one Superintendent of Telegraph Traffic. This Circle is of about the same size as the Bihar and Orissa Circle but has a larger number of departmental telegraph offices one of which is Rangoon. Rangoon is a very important centre for telegraph traffic and has, like Madras, Calcutta and Bombay, to deal with a large volume of international traffic. In view of the importance of the office at Rangoon and the large number of departmental telegraph offices in Burma, we are of opinion that the post of Deputy Postmaster-General, Traffic, should be retained but that of the Superintendent of Telegraph Traffic should be abolished.

To sum up, out of the 8 of the existing appointments, 7 should be abolished and one new appointment of a lower status created.

117. We have already recommended the abolition of the appointment of the Controller of Telegraph Traffic. We have also recommended the conversion of the appointments of Assistant Directors General including that of the Assistant Director-General, Traffic, into those of Assistant Deputy Directors-General. Out of the 14 posts constituting the Superior Traffic Branch, First Division, we would thus reduce 9 appointments, leaving 1 each for the Circle headquarters at Rangoon, and the Central Telegraph Offices, at Bombay, Calcutta, Madras and Agra which in view of their importance require officers of this status.

118. The saving from the abolition of 7 appointments of Deputy Postmaster-General, Traffic, will amount to Rs. 8,305 per mensem or Rs. 99,660 per annum. The extra cost of creating an additional appointment of Superintendent of Telegraph Traffic for the Bihar and Orissa Circle will be included in the calculations relating to reductions of the appointments of Superintendents of Telegraph Traffic.

Directors of Telegraph Engineering.

119. We have further considered whether it is practicable to replace the five Directors of Telegraph Engineering by officers of lower standing notwithstanding the fact that they will be in charge of both Engineering and Traffic work in the Circle. The argument in favour of such action lies in the fact that the Postmaster General is now in charge of the entire organisation in his Circle and that the Directors have been relieved of the responsibilities attaching to them when they were in independent charge. We think, however, that in view of the importance of the combined traffic and engineering work in the major Circles which these officers will have to do this further change is inadvisable at present.

Superintendents of Telegraph Traffic.

120. Fifteen of these appointments are attached to Circle headquarters and they are distributed as shown in the table given in paragraph 111. The duties entrusted to these officers consisted of, in addition to assisting the Deputy Postmaster General, Traffic, inspecting the less important departmental telegraph and all combined telegraph offices. To save unnecessary expenditure in travelling allowances, the inspection of combined offices was entrusted to Superintendents of Post Offices. As a result the work assigned to Superintendents of Telegraph Traffic and Personal Assistants to Deputy Postmasters General has been reduced very considerably.

121. On the evidence before us we are of opinion that a number of these can be abolished and our recommendations in respect of each Circle headquarters are set out below :—

(*a*) *Bengal and Assam Circle.*—There are 3 Superintendents of Telegraph Traffic in this Circle. In view of the fact that the work of dealing with complaints relating to all foreign telegrams is centralised in this Circle, we consider that two appointments should be allowed and one reduced.

(*b*) *Bombay Circle.*—There are two appointments at present. It is noted that one of these officers looks after the telephone revenue accounts. In view of this consideration and the transfer of the traffic work to the Director of Telegraph Engineering, we recommend that one appointment should be retained and one abolished.

(*c*) *Burma Circle.*—There is one appointment of Superintendent of Telegraph Traffic, attached to the Burma Circle in addition to that of a Deputy Postmaster General, Traffic. For the reasons stated in paragraph 116 (*d*) we have recommended the creation of a post of Deputy Postmaster General in Rangoon ; that recommendation is contingent on the abolition of the existing appointment of the Superintendent of Telegraph Traffic. This appointment should accordingly be abolished.

(*d*) *Madras Circle.*—There are two appointments of Superintendents of Telegraph Traffic, but we are satisfied that one is sufficient.

(*e*) *Punjab and North West Frontier Circle.*—In this Circle also there are two appointments but in our opinion only one is necessary.

(*f*) *United Provinces Circle.*—One of the two appointments that exist at present is unnecessary and may be abolished.

(*g*) *Bihar and Orissa Circle.*—As stated in paragraph 116(c), a Deputy Postmaster General, Traffic is attached to this Circle. We have recommended elsewhere that that appointment should be abolished being replaced by a Superintendent of Telegraph Traffic.

In all, therefore, we recommend the abolition of six existing appointments and the creation of a new one for the Bihar and Orissa Circle. The net reduction, therefore, amounts to 5 appointments; and the total number of Superintendents of Telegraph Traffic (including Personal Assistants to the Deputy Postmasters General) should be reduced to 10.

122. The saving from the net reduction of 5 appointments, *i.e.*, after taking into account the cost of creating an additional appointment of Superintendent of Telegraph Traffic for the Bihar and Orissa Circle, will be Rs. 1,980 a month or Rs. 23,760 per annum.

Deputy Postmasters General—Postal.

123. On the postal side, the Postmasters General are assisted by Deputy Postmasters General, Postal (including R. M. S.) of which there are 14 appointments and Assistant Postmasters General of which there are at present 31 appointments distributed as in the table given in paragraph 111.

124. Of the 14 Deputy Postmasters General, 3 are attached to the Bengal and Assam Circle. Of these three, only one works at the Circle headquarters in Calcutta while the other two are in semi-independent charge of the range offices at Dacca and Shillong. The Director General has worked out a scheme whereby the two range offices will be abolished and one appointment of Deputy Postmaster General added to the Circle headquarters at Calcutta. We endorse the scheme which, in our opinion, should have been carried out long ago. We also accept the figure of Rs. 24,000 per annum as the estimated saving; but the details will no doubt be worked out carefully so that the maximum saving can be obtained.

125. After the abolition of separate range offices, there will be 13 Deputy Postmasters General throughout India and Burma. We have carefully considered various statistics such as number of post offices, volume of traffic, strength of staff, etc., which can serve as indices of the work devolving on the Circle headquarters and have come to the conclusion, keeping in view the proposals for delegating much larger powers to Postmasters General, that any further reduction in the number of these appointments is not practicable at present.

Assistant Postmasters General.

126. On the evidence before us, and after an examination of various statistics contained in the administrative report of the Department we are of the

opinion that the number of Assistant Postmasters-General can be reduced from 31 to 26. The five posts to be brought under reduction should be distributed as between the various Circles as shown below :—

Bengal and Assam	1
Bihar and Orissa	1
Bombay	1
Central	1
Punjab and North West Frontier Circle	1

127. The saving from the abolition of 5 appointments of Assistant Postmasters General (Pay Rs. 300—20—600—25—750 *plus* special pay of Rs. 100) will, on the average cost of Rs. 624 per appointment, be Rs. 3,120 per month or Rs. 37,440 per annum.

C.—Electrical Engineer-in-Chief.

128. Prior to the amalgamation of the Departments of Posts and Telegraphs in 1914, there used to be a post of Electrical Engineer-in-Chief which carried an administrative rate of pay. On the amalgamation, the post was abolished and a post of Chief Electrician created in the grade of Divisional Engineers with a special pay of Rs. 100 per mensem (raised to Rs. 175 with effect from 26th May 1924) sanctioned in view of the specialised nature of his work.

129. During the course of years the work and responsibilities tended to increase so that by October 1929 his duties came to consist of—

(1) Special technical assistance and advice ;

(2) Testing of all instruments and apparatus made or purchased for the Department ;

(3) Designing of instruments and apparatus ;

(4) Preparation of specifications for, and patterns of, stores and instruments ;

(5) Fitting of specially large or important telegraph or telephone installations ;

(6) Experimental work ; and

(7) Technical instruction and examination of staff.

In view of this increase in the work and responsibilities of the appointment, the pay and status of the post were raised with effect from the 11th November 1929 to those of a Director of Telegraph Engineering.

130. We have carefully considered the possibility of reverting to the arrangement that was in force up to November 1929, namely, to grade the post with Divisional Engineers ; but have come to the conclusion that in the present organization of the Department the maintenance of a small technical staff is necessary to arrange for a co-ordinated study of all technical problems of the Department. We also understand that the system of work and signalling in force in India is somewhat different from that in other countries, having been specially adapted to suit local conditions. After careful enquiries which were

made by two members of our Committee, accompanied by the Chief Engineer, Posts and Telegraphs, at Calcutta we think that the need will continue to be felt in future as it has been in the past. In view of the importance of the work to the efficiency of the Department, we are of opinion that the pay and position of the Electrical Engineer-in-Chief should remain unchanged.

131. The budget estimate for 1931-32, sanctioned for the office of the Electrical Engineer-in-Chief, provides for the following amounts :—

	Rs.
Gazetted officers	1,13,900
Establishment	67,200
Allowances	48,200
Repairs to apparatus and plant	1,51,700
Contingencies	26,400

132. We understand that it may be possible to effect a certain amount of retrenchment in the total expenditure of the office in respect of the following items :—

(*a*) The Posts and Telegraphs Department is making an increasing use of the agency of the Indian Stores Department for the purchase of standardised articles and it may be possible to reduce the expenditure on the inspection and testing to which purchases of the Department are subjected by the Electrical Engineer-in-Chief.

(*b*) The curtailment of the syllabus for the training of the Engineering Supervisors, if it can be done without loss of efficiency.

133. As a measure of immediate economy, we think that (*i*) the status of the Junior Electrician, who is now an Assistant Divisional Engineer, may be reduced to that of an Assistant Engineer, and (*ii*) that one appointment of Electrical Supervisor may be abolished. The consequent saving will amount to Rs. 6,300 a year.

134. During the time at our disposal it has not been possible for us to subject this office to greater scrutiny as regards possibility of further retrenchment. It may be possible to re-organize the work and effect greater economy and we suggest that the matter be kept in mind by the Department and examined further.

D.—Telegraph Stores.

135. The Posts and Telegraphs Department has a Stores organisation of its own, under the Controller of Telegraph Stores, who is subordinate to the Chief Engineer, Posts and Telegraphs. There are several stores depots, the most important being at Alipore (Calcutta). The Stores accounts of the Department, *i.e.*, the accounts relating to the purchase, custody and issue of stores, constitute a suspense account outside the Revenue Account of the Department. This suspense account is debited with the cost of all stores purchased by the Department together with all the incidental expenditure such as stock, establishment, buildings and overhead charges. When the stores are issued for consumption, the suspense account is credited and the value of the stores issued together with a proper share of the indirect expenditure is charged

to the proper account. The suspense account thus works from balance to balance which represents the value of serviceable stores in stock. We have reviewed generally the expenditure on the purchase of stores and of the necessary establishment, etc., as well as the figures of the value of stores issued for consumption during the last five years. Two of our colleagues, Messrs. F. C. Annesley and N. V. Raghavan, were good enough to enquire into the stores organisation by a visit to the Store Yard at Calcutta. They were accompanied by the Chief Engineer, Posts and Telegraphs, whose courtesy in the matter we desire to acknowledge. We attach a report prepared by our colleagues as an annexure to this section and fully endorse their observations.

136. We would draw particular attention to their observations on the existence of certain stocks which are expected to suffice for several years' consumption. The danger of loss from carrying unnecessary stocks is obvious and that it need not always be remote is shown by the fact that during the six years that have elapsed, since the accounts of the Department were placed on a commercial basis, it has had to bear a capital loss of over Rs. 30 lakhs in writing off the value of unserviceable material and writing down that of material bought at unduly high prices. We consider that the question of keeping stocks to the absolute minimum required for efficiency should receive unremitting attention.

137. On the consideration that the head of the Stores organisation is engaged on working out a scheme for reorganising it, from which economy may be expected, we refrain from offering any suggestions. In view of the fact that the greater portion of the stores obtained locally in India is now purchased through the Indian Stores Department and not directly by the Controller of Telegraph Stores, we are of the opinion that this appointment which is at present graded with that of Directors of Telegraph Engineering should be reduced in status and pay. In our opinion the Controller of Telegraph Stores, should be in the grade of Divisional Engineer, Telegraphs, and should get in addition a special pay of Rs. 100. The estimated annual saving comes to Rs. 13,000.

ANNEXURE.

Report on Telegraph Stores.

1. Among other things, we looked into the working of this office to see if there was any room for economy. Extravagance is possible under needless handling or rehandling of stores. We found no obvious case of such kind. In the course of our discussion with the Controller of Telegraph Stores, we found that this point has always been kept in view.

2. A second source of extravagance, *viz.*, redundant staff, was also scrutinised. From 1929 a part of the work, *viz.*, purchase of stores in India is being done by the Indian Stores Department and we wanted to make sure that this was reflected in reduced establishment charges. We found that 9 temporary appointments had been abolished since then. We understood that the Controller of Telegraph Stores, was shortly going to submit proposals about reorganising the work of his office whereby some economy will be possible. We suggest that this point be pursued and settled as early as possible. That will be

a good opportunity to improve the efficiency of the office by getting rid of some old men who are, we understand, not pulling their weight.

3. Lastly, we want to draw the Committee's attention to the fact that at present there seem to be no definite principles about regulating purchases and inspection by the Indian Stores Department on behalf of the Posts and Telegraphs Department. We venture to make some suggestions in the matter, our conclusions having been arrived at as a result of our discussion with the Controller of Telegraph Stores.

Indian Stores Department Purchases and Inspections.

(*a*) For proprietary articles of the class " Apparatus and Plant " by which is meant standard instruments, the use of which has been approved by the Department, it ought not to be necessary for the Department to go to the Indian Stores Department for arranging their purchase. At present the Controller of Telegraph Stores has the power to purchase such articles up to a cost of Rs. 5,000 for each item and Rs. 10,000 for purchases at a time. Stores costing more, have to be purchased through the Indian Stores Department. The Department specifies the articles to be purchased and the firm from which they have to be obtained, and it has to pay one per cent. of the cost to the Indian Stores Department for purchase, and one per cent. in some cases, for inspection. This expenditure can easily be saved, if the Director General is given powers to purchase direct, stores which are of a proprietary nature and belong to the " Apparatus and Plant "class (including underground cables). If purchase is made by the Posts and Telegraphs Department, inspection, will of course have to be made in the Department itself.

(*b*) As regards other stores, all purchases except those of petty nature (which are now purchased direct by the Department) should be purchased through the Indian Stores Department. The purchases through its agency have so far been generally found useful and economical.

(*c*) As regards inspections, the Indian Stores Department has not got facilities to inspect certain class of stores which are peculiar to the Department, *e.g.*, telegraph, telephone and radio apparatus, rectifiers and bulbs, measuring instruments, switch-board cables. The inspection of such stores should be undertaken directly by the Posts and Telegraphs Department and the one per cent. now charged for inspection saved to the Department. It is understood that the Indian Stores Department has admitted this and divided stores into various classes for purposes of inspection by itself and the Posts and Telegraphs Department. In cases of other stores, where the Indian Stores Department is competent to inspect, it should be allowed to do this work and charge extra for it, though in the past their inspection has not always been satisfactory. For example, we heard of a case in which, a consignment supposed to contain canvas bags of a specified nature, included a large number of inferior gunny bottomed bags. It has been explained by the Indian Stores Department that the contractors must have substituted inferior articles after the consignment was put up for inspection and a few items stamped. To prevent such mistakes it appears necessary to arrange for inspections to be made, not at the godowns of contractors before despatch, but at the Posts and Telegraph Stores Depots in the presence of the officers of the Department before the consignment is finally

taken over. A suggestion to this effect has already been made and is being followed to some extent in the case of raw material delivered to the Telegraph Workshops. If this is accepted in principle, matters of detail may easily be arranged in the case of material deliverable directly to the Posts and Telegraphs Department officers where there are no representatives of the Indian Stores Department Inspecting Staff.

4. It may be remembered that the Director-General in his note, dated the 20th August has given a list of items of stores which at the present rate of consumption will take four years to dispose of. As a matter of curiosity we wanted one of these items, *viz.*, C. B. Desk Sets, to be traced to find out how such a large accumulation came to be made and whether this was due to unnecessary purchases on a large scale at some stage. We append a statement prepared by the Controller of Telegraph Stores for our information which shows how the accumulation came to be made. The main cause of accumulation is the displacement of the C. B. System by the Automatic System in various places. Whatever might have been the reasons in the past for such accumulation, all we can say is that if the procedure laid down for indents and purchases at present is followed there cannot be much risk of unnecessary accumulation except in cases of a sudden change of system necessitated by new inventions, etc.

SIMLA,
September 18, 1931.

F. C. ANNESLEY.
N. V. RAGHAVAN.

CENTRAL BATTERY SETS.

Year.	Receipts E. I.	Closing Balance.
1919-20	1,900	1,563
1920-21	800	1,584
1921-22	1,450	2,547
1922-23	2,300	3,447
1923-24	2,000	5,825
1924-25	No Receipts.	6,021
1925-26	Do.	7,000
1926-27	Do.	6,352
1927-28	Do.	5,581
1928-29	Do.	5,184
1929-30	Do.	4,919
1930-31	Do.	3,757

E.—Telegraph Workshops.

138. The Posts and Telegraphs Department has a workshop of its own at Alipore (Calcutta). This workshop manufactures all the construction stores except wire and insulators used by the Department. In addition it manufactures a considerable quantity of Telegraph and Telephone apparatus and power switch boards and carries out all repairs to Telephone and Telegraph equipment.

139. We have examined statistics of the outturn of the shops, etc., and have come to the conclusion that no large economies are possible immediately without a reorganisation. We requested two of our colleagues Messrs. Annesley and Raghavan to visit the workshop on the 14th and 15th September 1931. Through the courtesy of the Army authorities they were also able to go round the Army factories at Ishapore and Cossipore. They were accompanied by the Chief Engineer, Posts and Telegraphs Major Crofton of the Army Ordnance Department, Mr. R. C. Frain, Superintendent, Metal and Steel Factory, Ishapore and Mr. Mathews, Superintendent, Gun and Shell Factory Cossipore. A copy of their report is attached as an annexure to this section.

140. We understand that the Superintendent of Telegraph Workshops, has prepared a scheme for the reorganisation of the Workshops which if carried out should show some economy in the expenditure on staff and labour. As this scheme is still under examination by the Department, we refrain from offering an opinion. We suggest, however, that the scheme should be examined as expeditiously as possible and given effect to, if found suitable.

Possibility of transferring work from Telegraph Workshops to the Army Factories or vice versa.

141. Our colleagues were specially requested by us to examine the possibility of effecting economy by arranging that the work at present done separately by the Army factories at Ishapore and Cossipore and the Telegraph Workshops at Alipore be rearranged in such a way that two workshops should not be doing the same kind of work independently of each other. We draw particular attention to their remarks. They have mentioned certain items of work at present done by the Telegraph Workshops which can perhaps with some advantage be concentrated in the Army factories who would supply the Telegraph Workshops with all their requirements. They have also suggested the possibility of securing economy in the expenditure of the Army and Railway Departments by entrusting to the Telegraph Workshops the work which is at present done for those Departments in the way of manufacturing telegraph and signalling apparatus required by them. They have recommended that a Departmental Committee, which should include a Mechanical Engineer with experience of large Engineering works should be constituted, to undertake a detailed enquiry and submit definite recommendations for the consideration of Government. We endorse their suggestion in this respect. We also suggest that the terms of reference of this Committee, if it is set up, should draw specific attention to the various points mentioned by our colleagues in their report.

142. We would also like to draw particular attention to the observations of our colleagues contained in paragraph 4 of their report as to the considerations

which must be kept in view when considering any scheme for transferring the work of the Telegraph Workshops to the Army Workshops. The Telegraph Workshops are a necessity for the efficient maintenance of communications which is the business of the Posts and Telegraphs Department. In an emergency of the character mentioned by our colleagues it is essential that the facilities of the Department for its repair and construction work should not be curtailed as a result of any scheme of amalgamation that may be worked out and adopted.

ANNEXURE.

Report on the Telegraph Workshops.

1. In accordance with the instructions conveyed in Memorandum No. 1-P.T.R., dated Simla, 11th September, we visited the Telegraphs Workshops, Alipore on 15th September in company with Messrs. Tuckwell, Frain and Mathews. Major Crofton, Ordnance, also accompanied us at the request of Mr. MacGregor, Chief Engineer, Posts and Telegraphs.

2. It must be clearly understood that in view of (*a*) the short notice given us, and (*b*) the amount of time at our disposal, anything approaching a detailed and comprehensive report is out of the question, and our general recommendation is that the question of any rearrangement of work executed by the several Workshops should be examined in detail by a properly constituted Departmental Committee including in its personnel a Mechanical Engineer—preferably, a Manager of some large Engineering works.

3. A scheme of reorganisation for the Telegraph Workshops is under consideration, which if carried out should show some economy in staff and labour costs. This scheme should be borne in mind when considering the question of the possibility of interchange or re-arrangement of work.

4. The Telegraph Workshops are well enquipped and admirably situated with good water frontage—facilitating receipt and despatch of material. The lay out also enables instruments manufactured, or repaired being passed on to the Electrical Engineer in Chief for testing, and the Controller of Stores for storage when ready in the most economical manner. Much of the work turned out is of a very high standard and extreme accuracy. We suggest that the following items might be closely investigated in the hope of more economical methods being discovered than those now in vogue.

(*a*) Supply of metal (brass, cupro-nickel for springs) from Ishapore to Alipore.

(*b*) Manufacture by Cossipore of stampings, such as springs, brass plates for telegraph instruments, baudot cases, screws, etc.

(*c*) We noticed that Cossipore was manufacturing dummy key sets for training military telegraphists. The respective works costs should be examined with a view to handing over the work to the cheapest agency. Enquiry should also be made whether repairs to and manufacture of military Telegraph and Telephone equipment could be entrusted entirely to the Telegraph Workshops, who are well equipped for the work. It might also be

investigated whether they should not take over the work of electrical signalling apparatus required by the Railways. This procedure would, we think, be the soundest, as we have all along been somewhat dubious as to the wisdom of handing over Telegraph work to a military workshop, which in the event of a national emergency would have all its attention and resources concentrated on other work of an urgent and imperative nature and being compelled at short notice to hand back all work to the Telegraphs. This fundamental objection should be borne in mind throughout discussions on this question. Many of the items manufactured at Alipore, could be easily turned out at Cossipore works which have a magnificent outfit of the latest and uptodate automatic machinery, but Cossipore "overheads" are necessarily unduly high, and the above mentioned fundamental objection must be kept in mind, together with the necessity of having staff trained in each works who could form the nucleus of expansion of output should occasion demand. A second point to be remembered in this connection is that, even if the Military Department agrees to charge the Posts and Telegraphs Department no more than what it costs now to manufacture certain articles, the existing good machinery of the Telegraph Workshops cannot be scrapped straight off except at great loss. Lastly the Department ought to have facilities for testing instruments, etc., and the present equipment should continue to be maintained at any rate on this account. It may also be borne in mind that the Military workshops will not be able to undertake the assembling of complete telegraph apparatus, but would only be able to manufacture individual parts.

5. We also inspected the Foundry and Rolling Mills at Ishapore. It should be investigated whether it would not be advisable to arrange for this factory to supply such metal as may be required by Alipore (exclusive of pig iron and iron sheeting) rather than for the latter factory to manufacture or purchase its requirements from outside sources. To enable a Committee, such as we propose should be formed, to deal exhaustively with the project, much preliminary work should be carried out, in order that their labours may be accelerated. The Works Managers should draw up comprehensive schedules of each item of manufacture, costs, and quantity. Outside tenders should be invited for large quantites in order to compare prices. It must be remembered that much of the work turned out by the Telegraph Workshops is of a highly specialised technical character, involving great accuracy of construction. Each of the three factories is highly equipped and staffed for its own particular sphere, but it might be possible, if all the authorities concerned concur, in the interests of economy, for each workshop to take over certain duties, thus obviating overlapping of duties and redundance of staff and labour. Transport problems inter factory by reason of the proximity of all three to the river should be minimised, but handling charges would of necessity be increased.

SIMLA,
September 18, 1931.

F. C. ANNESLEY.
N. V. RAGHAVAN.

F.—Telegraph Engineering Branch.

143. The Telegraph Engineering Branch is entrusted with the construction and maintenance of all Lines and Wires and Apparatus and Plant excepting those of the Wireless Branch. It is also entrusted with the traffic work of the Government telephone system.

144. Prior to the amalgamation of the Posts and Telegraphs Departments in 1914, Engineering officers were in charge of telegraph traffic as well. With the creation of a separate Superior Traffic Branch they were relieved of traffic duties. As a result of the unified control in Circles introduced recently and of our recommendations to entrust telegraph traffic work at Circle Headquarters, to Directors of Telegraph Engineering a certain amount of work will be unified again. It has been stated to us that the arrangement recommended by us may involve difficulties in future as junior members of the Superior Telegraph Engineering Branch do not now get the same opportunities for learning traffic work as in the past. We are not prepared to attach any great importance to this consideration but we mention it so that, if necessary, suitable provision may be made to avoid this difficulty.

145. It was not possible for us to make detailed enquiries into the expenditure incurred on the Engineering and Telephone Branches, and we have accordingly included this in Appendix I to this report.

G.—Postal and R. M. S. divisions.

146. The sanctioned cadre for the Superintendents of Post Offices and R. M. S. includes 174 working charges and 6 appointments to constitute a reserve. Recruitment to the cadre is made partly from the open market and partly by the promotion of departmental employees who have passed the necessary qualifying examination. Direct recruits are first appointed as Probationary Superintendents on a fixed pay of Rs. 200 per mensem and there are 11 such appointments at present in addition to the cadre of 180. The establishment list corrected up to 15th May 1931 shows that 42 departmental employees had qualified themselves for promotion and are waiting for vacancies.

147. Of the 174 sanctioned working charges one is vacant at present and the remaining 173 are utilised as follows:—

Assistant Post Masters General	31
Postal divisions	118
City Superintendents in Bombay, Calcutta, Madras and Rangoon	8
R. M. S. divisions	16

The possibilities of reducing the number of Assistant Postmasters General have been dealt with in paragraph 126 in connection with economies in the Circle Offices.

Postal divisions.

148. The question of reducing the number of postal divisions was dealt with in Chapter III of the Posts and Telegraphs Department

Committee of 1924-25. After rejecting some special schemes which were proposed to them that Committee came to the conclusion that in view of the improvement in transport facilities all over the country the areas of postal divisions could perhaps be enlarged. Apparently it has not been found possible to give effect to this recommendation of the Ryan Committee because there are at present 118 divisions.

149. During our enquiry various schemes for reducing the number of postal divisions were suggested to us. For instance it was suggested that the inspection of town sub-offices should be entrusted to the Postmasters of the head offices concerned and the Superintendents' work relieved thereby; that Superintendents should be relieved of their responsibilities for inspecting second class head offices; and finally that head postmasters on the scale of Rs. 250—350 be invested with the powers of first class or gazetted postmasters, who are independent of and exercise the same powers as Superintendents of Post Offices. We examined all these possibilities and have come to the conclusion that none of these schemes offer any scope for large economies. In fact, some of them may lead to serious administrative inconvenience.

150. We are at the same time of opinion that the recommendation first made by the Ryan Committee for extending the territorial areas of postal divisions will lead to a considerable saving. The following statement shows the number and other particulars relating to the postal divisions in various circles.

Statement showing the number, size and composition of Postal divisions as in July 1931.

Name of Circle.	Number of postal divisions.	Average area of a postal division in square miles.	Area of the smallest postal division.	Area of the largest postal division.	Average number of post offices under the control of a Superintendent.			Average number of employees under a Superintendent.		Reduction.
					Head offices.	Sub-offices.	Branch offices.	Superior.	Inferior.	
1	2	3	4	5	6	7	8	9	10	11
Bengal and Assam ..	23	6,571	1,012	22,654	1·3	42	147	351	220	3
Bihar and Orissa ..	9	9,240	6,214	14,926	2·2	50	138	418	286	1
Burma	9	19,887	12,614	30,595	2·5	38	32	266	77	1
Central	10	33,265	12,071	76,300	2·1	46	170	351	398	1
Madras	18	10,634	3,730	22,570	2·0	54	198	397	200	2
Punjab and N. W. F. ..	18	14,223	2,803	63,049	1·8	37	194	323	186	2
United Provinces ..	15	6,333	3,335	8,878	2·7	45	127	421	219	2
Sind and Baluchistan ..	3	60,666	20,000	85,000	·6	43	104	234	221	..
Bombay	13	12,321	4,600	17,000	1·6	43	200	890		1
Total ..	118	..	..	..	..	..	..	..	..	13

151. It will be seen that the average area as well as the areas of individual divisions are widely divergent in different circles. It was not possible for us in the time at our disposal to enter into the details of the divisional organisation throughout India. But the statistics in the tables as well as the evidence we have received leads us to the conclusion that 13 postal divisions can be brought under reduction by a suitable rearrangement of territorial areas. Broadly speaking, we would distribute the reduction as shown in the last column of the table.

The appointment for the Bombay Suburban division which is vacant should also be abolished.

R. M. S. divisions.

152. There are 16 such divisions at present *viz.*, 3 each in the Bombay and Bengal and Assam Circles, one each in Burma and the Sind and Baluchistan Circles and 2 in each of the other 4 Circles. We understand that sometime ago a scheme was worked out for the United Provinces Circle whereby side lines and offices of the R. M. S. would be distributed among divisional Superintendents of Post Offices, while the main lines and offices would be placed under the control of a R. M. S. Superintendent attached to the Circle office. This scheme, if successful, would enable one of the two R. M. S. divisions in the U. P. Circle being abolished. We consider that this scheme should be taken in hand immediately in the United Provinces, as an experimental measure, and that if it is found successful it should be extended to the other circles as well. For the present we refrain from making any recommendations for reducing R. M. S. divisions.

We also understand that the Postmaster General, Bombay, has submitted a scheme for reorganising the work in connection with the foreign mails and that the scheme involves the abolition of the Foreign Mails division. As the Department's examination of this scheme, which promises a certain amount of economy, is still incomplete, we refrain from offering any definite remarks. But we trust there will be no undue delay in giving effect to it.

City Superintendents.

153. City Superintendents are placed under the immediate control of the Presidency Postmasters, Bombay, Calcutta, Madras and Rangoon and are entrusted with the supervision, etc., of the town sub-offices subordinate to those post offices. The Director General of Posts and Telegraphs agrees that three of these appointments can be abolished as shown below :—

Calcutta from 3 to 2 ; Madras from 2 to 1 ; and Rangoon from 1 to 0.

On the evidence before us we are, however, of the opinion that it is no longer necessary to employ officers of the rank of Superintendents for the work entrusted to City Superintendents and that the 5 posts, which will remain after the abolition of the 3 posts, should be replaced by the appointment of 5 Postmasters working under the orders of the Presidency Postmasters. Where the reduced number of appointments exceeds one, one of the posts should be that of a gazetted Postmaster and the other should be non-gazetted ; where only one post is left it should be gazetted.

Reserve Superintendents.

154. The appointments of Reserve Superintendents were sanctioned, we understand, several years ago when under the rules it was necessary to obtain the sanction of the Secretary of State for the creation of each appointment. The changes that have occurred since have rendered this arrangement unnecessary and the Government of India decided in 1921 that the reserve should be gradually extinguished. Apparently it has not yet been possible to do so. We are of opinion that the decision of 1921 should be implemented and that the officers holding the reserve appointments absorbed as soon as possible. This recommendation will not lead to any immediate saving in pay as we understand that in practice the reserve is utilised for manning leave vacancies.

Probationery Superintendents.

155. We observe from the printed establishment list, corrected up to the 15th May 1931, that it is proposed to reduce these appointments to 8. We endorse this proposal, subject to such remarks as we may have to offer in connection with the method of recruitment to the cadre of Superintendents.

156. We now summarise the result of the various recommendations made by us on the cadre strength of Superintendents.

Reductions.—Assistant Postmasters General 5; Postal divisions 14; City Superintendents 8; Reserve Superintendents 6; Probationery Superintendents 3—Total 36.

Additions.—Assistant Deputy Directors General 5.

Net reduction.—31 appointments.

From its present figure of 180 appointments *plus* 11 appointments of Probationery Superintendents, the cadre would be reduced to 152 appointments *plus* 8 appointments for Probationery Superintendents.

The net saving from the proposals made in this section, leaving out of account the cost of Assistant Deputy Directors General and Assistant Postmasters General which has been accounted for elsewhere, is Rs. 1,51,824 per annum.

H.—Superintendents and Deputy Superintendents of Telegraph Traffic.

157. Of the 35 appointments constituting the cadre of the Second Division of the Superior Traffic Branch, 19 are at present attached to various Telegraph Offices, and 1 is in charge of the Darjeeling and Sikkim-Tibet combined P. and T. line. Three of these were previously attached to Circle headquarters but being found superfluous there, they were transferred to Telegraph Offices at Calcutta, Madras and Lahore to be employed, as stated to us, " with advantage as additional Superintendents to strengthen the control and supervision of the Instrument Rooms in those offices ". We are of opinion that these appointments should have been abolished long ago and recommend that they should be abolished in any case now.

Superintendent of Posts and Telegraphs, Darjeeling and Sikkim-Tibet line.

158. We understand that the question of the abolition of the Sub-division by handing over the control of this combined line to the various Branch

Officers entrusted with the controlling of adjoining territory has been considered before but was dropped. On the evidence before us we consider that the proposal should be revived and completed and the special appointment brought to an end.

159. The saving from the abolition of these 4 appointments is calculated below :—

	Rs.
(*i*) Abolition of 3 Superintendents of Telegraph Traffic, attached to Signal Offices .. .. or Rs. 14,256 per annum.	1,188 p.m.
(*ii*) Abolition of the Sikkim-Tibet combined P. and T. line or Rs.6,552 per annum.	546 p.m.

I.—Signalling Establishment.

160. The question of the relation between the signalling establishment employed in departmental telegraph offices and the number of signalling operations was dealt with in paragraph 9 of the report of the Indian Retrenchment Committee of 1922-23 who concluded their observations with the following remark :—

> " We think that the figures we have quoted indicate that there is a considerable field for economy in the staff employed in the telegraph offices."

The question of the staff employed in departmental telegraph offices was also dealt with at length by the Posts and Telegraphs Department Committee of 1924 25 who made three important recommendations in this connection :—

(*a*) Conversion of the smaller departmental telegraph offices into combined offices,

(*b*) The replacement of telegraphists employed on non-operative duties, and

(*c*) An increase in the standard of outturn per operator per year, on the basis of which the operative staff was sanctioned, from 42,000 operations to 47,000 operations.

We understand that the results of the action taken on these recommendations are as follows :—

(*d*) The number of departmental telegraph offices which stood at 154 in 1924-25 has been reduced to 81 by the end of 1930-31. We also understand that the conversion of more offices is under examination.

(*e*) The Ryan Committee recommended that at least 78 telegraphists employed on non-operative duties could be replaced by clerks. We understand that there are at present only 20 telegraphists employed on such duties.

(*f*) Government have raised the standard outturn from 42,000 operations to 45,000 operations per year. The Department is of opinion that a further increase in the standard outturn is not practicable at present, but when the use of keyboard perforators has become widespread, it may be feasible to calculate the staff on the basis of a higher annual outturn and to make a reduction

161. We give below a table instituting a comparison between the signalling establishment sanctioned and the volume of traffic disposed of in departmental offices :—

Year.	Estimated number of signalling operations.	Actual number of signalling operations.	Strength of staff sanctioned with staff actually required.				Number recruited as Telegraphists in the year to—	
			Telegraphists (including Military Telegraphists each reckoned at 3/5ths of a Civil Telegraphist.)		Telegraph Masters.		General Service.	Station Service.
			S.	R.	S.	R.		
1925-26	Not available.	91,062,833	3,031	..	353	..	57	19
1926-27		82,752,714	2,958	2,752	347	353	46	24
1927-28		87,942,389	2,882	2,897	348	353	46	34
1928-29	87,456,117	86,590,215	2,829	2,830	346	326	41	25
1929-30	87,803,933	86,934,588	2,838	2,830	320	326	94	102
1930-31	83,484,522	83,484,522	2,831	2,782	326	326	..	..

S—Sanctioned.
R—Required.

162. All the three recommendations made by the Ryan Committee have contributed to a reduction in the number of Telegraphists required by the Department. We observe, however, that adequate steps have not been taken to restrict the recruitment of signalling establishment in departmental offices to actual requirements and that 196 departmental Telegraphists were recruited in 1929 who, after training, have become available for duty in the current year. We understand that during the current year there will be about *228 Telegraphists surplus to requirements*. As the annual number of casualties due to retirements, etc. in this class of staff is 92, it will take, provided the bulk of traffic remains what it was in 1930-31, roughly two years to absorb the surplus. It is somewhat difficult to estimate the unnecessary expenditure involved by the existence of this surplus, as there are several scales of pay for Telegraphists. Assuming that the entire surplus establishment is in receipt of the minimum pay admissible to station service Telegraphists, namely, Rs. 55 per month, the additional expenditure comes to Rs. 1,50,000 per annum, exclusive of the cost of providing for pensions. We are of opinion that immediate steps should be taken for utilising and absorbing this surplus, and we would suggest the following steps in this connection :—

(*a*) Surplus Telegraphists should be employed in the more important combined offices in place of postal signallers. The representa-

tives of one of the most important Telegraph Associations who appeared before us stated that there could be no objection to a Telegraphist serving in a combined office as an emergency measure designed to absorb the surplus if it were arranged that the Telegraphists so employed do not suffer in their prospects and promotion, and if they are withdrawn from combined office for employment in departmental offices as the surplus is reduced and opportunity arises.

(*b*) At another place we have recommended that 140 appointments of Telegraph Masters should be replaced, while the surplus continues to exist, by the appointment of Telegraphists.

(*c*) Telegraphists should be detailed for such duties as their technical training fits them for in place of recruiting new personnel for such duties.

(*d*) We consider that a combination of these methods will enable the Department to utilise the surplus establishment to the best advantage, but if these methods be found insufficient, Government should examine the possibility of retiring a certain proportion of the staff prematurely.

(*e*) The ultimate saving from the abolition of 228 Telegraphists' appointments is estimated at Rs. 3,42,000.

Non-operative Telegraphists.

163. A number of Telegraphists are employed on non-operative duties such as those of Training Instructors, Repeater Supervisors, etc. In 1929, the total number of such Telegraphists was fixed at 436 but it is understood that since then the number has been reduced to about 400. The duties on which these men are employed are sometimes such as require technical qualifications while there are a number of posts for which these qualifications are not necessary. The Posts and Telegraphs Department Committee, 1924-25, estimated that in 78 appointments of the latter category, Telegraphists could be replaced by clerks. During the interval, replacements have been effected in respect of 58 appointments but the replacement of the remaining have been delayed somewhat due to the existence of a surplus of Telegraphists. We are assured that the matter is receiving attention and we do not therefore express any views.

164. We understand that some of these Telegraphists employed on non-operative duties are in receipt of special pay at the rates shown below :

1. *Duties requiring technical qualifications.*

(*i*) Traffic Supervisors	}	Rs. 20 p.m. each.
(*ii*) Telegraphists in charge		
(*iii*) Training Instructors		

(*iv*) Testing Telegraphists	}	Rs. 20 p.m. each.
(*v*) Locally trained Baudot Supervisors		
(*vi*) Wheatstone Supervisors		
(*vii*) Repeater Supervisors		
(*viii*) Alipore trained Baudot Supervisors		.. Rs. 40 p.m.

2. *Duties not requiring technical qualifications.*

(*i*) Desk Supervisors	}	Rs. 20 p.m. each.
(*ii*) Enquiry Office		
(*iii*) Complaints Branch		
(*iv*) Delivery Branch		
(*v*) Public Counter		
(*vi*) Paid Calls refund		
(*vii*) Press		

We have the following recommendations to make in respect of these charge allowances or special pay :—

(*a*) The special pay of Rs. 20 p.m. granted at present to Traffic Supervisors should be withdrawn, and

(*b*) The multiplicity of designations each denoting particular duties entrusted to the men leads, we understand, to a certain amount of waste of effort, loss of efficiency and, therefore, unnecessary expenditure. We suggest that the separate designations should be abolished and all the appointments should be regarded as being those of Technical Supervisors. The men who should be selected for filling these appointments should be required to possess the required qualification after suitable training, if necessary, that will enable them to undertake all kinds of technical and supervision work such as the testing of lines, charge of small offices, supervision of Repeater and Baudot sets, etc.

Telegraph Masters.

165. As will be seen from the table given in paragraph 161 the number of Telegraph Masters employed during the last few years has been about 326. This strength is determined in accordance with paragraph 4 of letter No. 72-P.T.E., dated the 17th June 1929, from the Government of India in the Department of Industries and Labour to the Director General of Posts and Telegraphs. The number of posts is determined by dividing by 9, the sanctioned number of operative and non-operative Telegraphists and Signal-room Clerks, excluding leave reserves, in those departmental telegraph offices which employ 10 men or more. An additional post of a Telegraph Master is also sanctioned if the fraction left after dividing the number of Telegraphists, etc., by 9 exceeds 4. As the number of Telegraph Masters is in a direct arithmetical ratio with the number of Telegraphists employed in the larger telegraph offices, the increase in the standard outturn per operator from 42,000 to 45,000 signalling operations per year should have led to a reduction in the number of Telegraph Masters.

166. This has not occurred, we understand, due to a desire on the part of Government to deal as sympathetically as possible with any case of adverse effect on the prospects of promotion of Telegraphists to the supervisory grades as a result of adopting the recommendations of the Ryan Committee, 1924-25. In practice, a number of appointments of Telegraph Masters equal to the difference between the number calculated on the ultimate basis of one operative Telegraphist for every 42,000 operations and on that of one Telegraphist for every 45,000 operations is sanctioned every year as supernumerary. We understand that the various service Associations interested in the matter are inclined to regard this protection of the prospects of promotion as a vested interest promised to them under a definite pledge by Government. We deal with this aspect of the matter at some length in another part of the report. At this place it will suffice to say that in our opinion the present financial position of the country does not warrant the continuance of this practice of sanctioning appointments supernumerary to requirements.

167. From the evidence before us we find that the Telegraph Master is at present overburdened with a large amount of clerical and non-technical duties and that if suitable assistance were provided to relieve him of such duties, he could be put in charge of a larger number of Telegraphists and Clerks. The evidence before us would have justified our recommending a much smaller proportion of Telegraph Masters to the staff under them but we are of opinion that if the services of a clerk are made available one Telegraph Master's post should be sanctioned for every 18 men or a fraction thereof. Although we are convinced that a clerk would be able to give all the assistance that Telegraph Masters require, we are of opinion, in view of a large surplus of Telegraphists, that for such time as this surplus continues, Telegraphists should be employed instead of clerks to help Telegraph Masters.

168. We have worked out the reduction in the number of Telegraph Masters and the equivalent increase in Telegraphists' appointments in respect of each Circle with the following results :—

Circle.	Present number of Telegraph Masters.	Proposed number of	
		Telegraph Masters.	Telegraphists.
Central	12	6	6
Burma	21	11	10
Sind and Baluchistan	13	7	6
Bombay	74	40	34
Bihar and Orissa	6	4	2
Bengal and Assam	59	30	29
Madras	45	25	20
United Provinces	36	19	17
Punjab and N. W. F.	38	22	16
Total ..	304	164	140

One hundred and forty appointments of Telegraph Masters would thus be replaced by an equal number of Telegraphists. The gross saving from this proposal is estimated at five lakhs of rupees on the basis of the pay of Telegraph Masters. This amount should be taken into account as an immediate saving as the pay of the surplus Telegraphists is being borne by the Department. As the Telegraphists employed to help Telegraph Masters are replaced by Clerks, the net saving on this scheme alone will be Rs. 3,30,000 ultimately leaving out of account the saving from the abolition of 228 Telegraphists' appointments which are surplus at present.

J.—Extended employment of Lower Division clerks.

169. Prior to 1928, the entire clerical establishment of the Posts and Telegraphs Department drawing time-scales of pay was included in one grade and this staff was supposed to look after all kinds of work involving responsibility of the most varied degree. In accordance with letter No. 158-P. T. E., dated the 16th May 1928, from the Government of India in the Department of Industries and Labour, a Lower Division was created for clerks on lower rates of pay shown in Appendix V(*i*).

170. The shortness of the time-scale applicable to the Lower Division clerks is explained by the fact that it was the intention that this class of clerical establishment should be recruited from the lower grades of the Department such as postmen, linemen, task-work messengers, etc., etc., and that under this system the recruits are generally at the end of their service when they are selected for promotion to this division.

171. Considerable progress has beeen made with the substitution of clerks in the ordinary time-scale by those in the Lower Division and we understand that 11 per cent. of the total clerical cadre consists of Lower Division clerks. Copies of the Government orders introducing the Lower Division scales of pay and of the Director-General's letter No. S.A./183/28, dated the 23rd December 1929, to the General Secretary, All-India (including Burma) Postmen and Lower Grade Staff Union, Bombay, are attached to this report as Appendix V and a perusal of these letters will make it clear that although one of the objects of the scheme was to improve the prospects of postmen, mail guards, etc, an unqualified undertaking was not given to the staff that the Lower Division would be filled entirely by promotion of such employees. In practice, however, the process of replacement has been limited by two considerations, namely, the occurrence of vacancies, and the existence of a sufficient number of staff of lower status found to be suitable for the work expected from Lower Division clerks. The Unions, on the other hand, are inclined to interpret the orders referred to by us as giving them a distinct undertaking that all appointments in the Lower Division must be recruited exclusively from amongst the lower staff. We cannot agree with this interpretation of the orders of Government.

172. The evidence before us compels us to the conclusion that the restriction, in practice, of the recruitment for the Lower Division, to postmen and other staff of lower grades, involves the Department in a considerable amount of unjustifiable expenditure. Our inspection of the General Post Office, Bombay, and the statements of witnesses of all classes has made it clear to

us that in the Department as a whole there is a large mass of work which does not require intelligence of a very high order and that there should be no difficulty in devising criteria for discriminating between work involving higher responsibility or greater intelligence from that of a routine and mechanical nature. If recruitment had not been restricted, as it has been in practice to the lower grade staff, all this work could have been entrusted to men recruited from the open market on rates of pay appreciably lower than the regular time-scales in force in different Circles. The evidence before us also leads us to the conclusion that some of the recruits to the Lower Division obtained from amongst lower grade staff are of doubtful quality and can be entrusted with work only of the easiest and the most mechanical character.

173. We are of opinion therefore that if direct recruitment from the open market is resorted to, a considerable proportion of the present clerical establishment drawing time-scales of pay could be replaced by cheaper agency without any detriment to the efficiency of the work. We would also like to stress the fact that the idea of employing two grades of clerks in the same office is by no means novel. We understand that in the Posts and Telegraphs Accounts Offices a lower grade of clerks has been employed for a number of years on work of a mechanical nature. We also understand and that in the Railway Accounts Offices under the control of the Financial Commissioner, the clerical establishment is divided into three grades.

174. We recommend therefore that direct recruitment to the Lower Division should be resorted to at once and that the minimum qualification for such recruits should be a pass in the Matriculation examination of an Indian University or any other examination accepted as being equivalent thereto. We do not by any means intend, however, that the entire Lower Division should be filled by direct recruitment. The avenue for promotion of postmen created by the institution of a Lower Division should be left wide open as heretofore but only such postmen and officials of corresponding classes should be promoted as are fully qualified for the work they will be asked to undertake. Direct recruitment should be restricted to obtaining such number of men as may be required to fill up, after promoting all suitable postmen eligible under the rules, the actual number of posts included in the Lower Division.

175. The question of the proportion of the existing clerical cadres which can safely be converted into Lower Division posts has received considerable investigation at our hands. Seeing that the bulk of the clerical staff hitherto employed in the Posts and Telegraphs Department did not possess a qualification higher than a pass in the Matriculation examination, it would appear *a priori* that at least 50 per cent. of the clerical establishment on the time-scales could be converted. We do not desire, however, to adopt this line of argument. Our proposals are based entirely on a suitable discrmination between different kinds of work based on the degree of responsibility involved and of intelligence required. Witnesses competent to advise us in this important matter have produced statistics which tend to show that as much as 40 per cent. of the time-scale appointments could be converted. We want, however, to be conservative and place our estimate at 33 per cent. of the entire cadre in the Department.

Estimate of savings.

176. Taking the existing scales of pay sanctioned for the ordinary time-scale clerks and the Lower Division clerks, the conversion of each appointment means on the average a saving of Rs. 25 per mensem. If the present rates of pay continue unchanged a conversion of 33 per cent. of the appointments would lead to an ultimate saving of Rs. 20,24,000 per annum. This saving would not accrue at once but only as existing Upper Division appointments are replaced by those in the Lower Division as vacancies occur. Due to the fall of traffic some of these vacancies may not have to be filled up at once and the process would therefore remain slower than normal as long as the present depression in the traffic of the Department continues.

177. We consider further, however, that the existing scale of pay sanctioned for Lower Division clerks is unsuitable and that it can be reduced substantially with resulting economy of a considerable amount. This question is, however, one of revision of pay and allowances and will be dealt with in the third part of our report.

K.—Larger employment of Extra Departmental Agents.

178. The Department has at present some 17,704 gentlemen, who are not its employees, to run small post offices in various localities on an allowance not exceeding Rs. 20 a month. This allowance covers house-rent, etc., and the Department has only to supply a certain amount of furniture and the requisite forms and stationery. Hitherto these Extra Departmental Agents were in charge of branch post offices only. It is now proposed to extend the system to sub offices by employing retired postal employees and to small combined posts and telegraphs offices when retired signallers can be obtained.

179. While we are conscious of the difficulties which may be experienced in obtaining the services of suitable persons we are in entire sympathy with the proposals put forward. We recommend that, if it be found necessary to attract a suitable quality of men such as respectable shopkeepers, etc., Government should agree to increasing the allowance to Rs. 30 or even Rs. 40.

180. Some idea of the saving that will be secured if the proposals can be carried into effect may be obtained from the following simple calculation. The quarterly list of post offices shows that at the end of February 1931, there were 18,435 branch post offices of which 1,484 were departmental. While for the average extra departmental office the *present* cost would not exceed Rs. 20 per mensem, that of the average departmental branch office works out *at present* to about Rs. 69 per mensem exclusive of the cost of providing leave reserves, pensions, etc. The work in both classes of branch offices is of the same nature, the only difference being in the volume, which, in our opinion, does not justify the great disparity in the cost to the Department. Here again it is not possible for us to make an estimate of the actual savings that may be achieved but, if the scheme is worked up an annual figure of Rs. 5 lakhs is by no means optimistic. This saving would of course be reduced if our proposals for the future rates of pay of departmental employees are accepted.

Chapter IX.

Economies in the Wireless Branch.

181. Under the subsidiary terms of our reference we have been asked to review the policy of Government in relation to the maintenance of the Radio service, which is one of the Branches of the Indian Posts and Telegraphs Department. According to the existing organisation, the control of the Wireless Branch is vested in a Director of Wireless working under the Director General of Posts and Telegraphs and the Chief Engineer, Posts and Telegraphs. The Wireless Branch is concerned with the erection and maintenance of the Civil Wireless Telegraph Stations throughout India and Burma but has nothing to do with the Wireless Stations belonging to the Army Department, the Indian State Broadcasting Service, or the Beam Wireless Stations of the Indian Radio Telegraph Company. In addition to this the Wireless Branch of the Posts and Telegraphs Directorate has to advise the Government of India on all wireless matters generally.

182. The accounts of the receipts and expenditure of the Wireless Branch are an integral part of the accounts of the Posts and Telegraphs Department but, as in the case of the three other branches, the profit or loss on the working of the Wireless Branch is shown separately in the accounts of the Department. Further, in recognition of the fact that a portion of the existing wireless system is maintained on a non-commercial basis for the general purposes of Government, the annual loss on the non-commercial activities of the Branch is neglected in calculating the surcharge in respect of the interest chargeable to the Department as accumulated loss on its working. This Branch is also required to provide wireless communication facilities in connection with Civil Aviation. This has been done so far either from existing stations in which case suitable charge is made to the Aviation Department, or through stations specially erected for the purpose. In the latter case the Aviation Department has to make good to the Wireless Branch the recurring expenditure including interest and depreciation involved.

Lastly, some of the Wireless Stations have been erected under guarantee against loss given by various local Governments.

183. The receipts and expenditure of the Wireless Branch were shown separately for the first time in the accounts for 1928-29 and the progress of expenditure can be ascertained from the table below :—

———	1928-29.	1929-30.	Actuals for 1930-31 up to March final 1931.	Budget estimate 1931-32.
	Rs.	Rs.	Rs.	Rs.
I.—Working Expenses—				
Direction	1,07,571	1,34,891	1,52,727	1,04,000
Accounts and audit ..	27,186	31,026	52,681	33,000
Control—Circle offices ..	..	..	..	6,000

——	1928-29.	1929-30.	Actuals for 1930-31 up to March nal 1931.	Budget estimate 1931-32.
Control—				
Engineering expenses ..	30,945	1,09,186	1,71,358	1,44,000
Pensionary charges ..	54,114	60,060	66,822	76,000
Stationery and printing ..	27,300	27,329	22,389	24,000
Radio expenses ..	9,77,165	11,02,404	10,87,194	11,19,000
Provision for depreciation	1,45,546	1,52,565	1,05,211	1,07,000
Inter branch adjustments..	—7,42,137	—7,86,751	—6,83,255	—7,66,000
Expenditure in England ..	..	..	..	44,000
Gross working expenses ..	6,27,690	8,30,710	9,75,127	8,91,000
Deduct credits to working expenses	20,894	23,257	43,624	23,000
Net working expenses ..	6,06,796	8,07,453	9,31,503	8,68,000
Interest on capital outlay	1,71,905	1,90,384	2,38,624	2,56,000
Total expenditure ..	7,78,701	9,97,837	11,70,127	11,24,000
Deduct receipts ..	2,53,989	3,12,140	3,04,292	6,34,000
Net loss ..	—5,24,712	—6,85,697	—8,65,835	—4,90,000

184. The total number of the stations under the control of the Department including those which are rapidly nearing completion is 30. This number includes also the wireless station in Kamaran Island which although not belonging to the Government of India is looked after by the Posts and Telegraphs Department. These stations can be grouped into 5 categories according to the purposes for which they are used.

Stations laid up.

185. Two stations, namely, those at Maymyo in Upper Burma and Bonnington in the Andamans are at present laid up. The apparatus and plant at Maymyo has been dismantled and removed and only the buildings and the ma ts remain. The buildings are being utilized for military purposes for which rent is being received. The station at Bonnington was completed only recently under guarantee from the Government of India in the Home Department but its opening has been postponed on financial grounds and the station has now been laid up as a temporary measure.

Coast stations.

186. These are (1) Karachi Radio, (2) Bombay, (3) Madras Radio, (or St. Thomas's Mount), (4) Calcutta, (5) Rangoon, (6) Port Blair, (7) Diamond

Island and (8) Victoria Point. The last two do not maintain a continuous watch throughout the 24 hours, but are available for communication with ships at sea. The other six have been notified internationally for the purpose of maintaining wireless communication with ships at sea.

187. The International Conference for the safety of life at sea which assembled in London in 1929, at which India was represented, made *inter alia* the following recommendation as regards the safety of navigation :—

> " 9. *Radio aids to navigation.*—The International Conference on safety of life at sea recommends that the contracting Governments should establish and maintain an adequate system of Radio aids to navigation and should take all necessary measures to ensure the efficiency and reliability of such services ".
>
> (Page 115 of the International Convention for the Safety of Life at Sea, 1929.)

188. Further, under the Indian Merchant Shipping Act, 1923, as amended by the Act of 1928, ships of certain categories are required to be provided with a Wireless Telegraph installation of the prescribed standard and to maintain a wireless service of the nature laid down by Government.

It will be seen therefore that although there is no legal obligation on the Government of India as to the number of Wireless Stations or the extent of the Radio service for communication with ships at sea there is an International Agreement that the number of such stations and the extent of the service should be what the Government of India may regard as adequate. The provisions applicable to vessels of certain classes also emphasize the moral obligation of Government to provide such service. Taking into consideration, the extensive coast line of India and Burma we cannot regard that the six cont nuous watch stations and the two stations, Diamond Island and at Victoria Point, are excessive to requirements. It may also be pointed out that 2 of these coast stations are utilised also for Civil Aviation while 5 help in maintaining the general telegraph system of the country.

189. It has been stated to us that the total recurring cost of the coast stations comes to about Rs. 6 lakhs to meet which the following amounts are received from different sources in return for services rendered :—

	Rs.
(1) From the Telegraph Branch of the Indian Posts and Telegraphs Department for service rendered in connection with ordinary telegraphic communication	2,15,000
(2) From Civil Aviation	33,000
(3) Payments on account of guarantees	24,000
(4) Message revenue consisting chiefly of messages exchanged between shore and ships	1,20,000
Total ..	3,92,000

The net loss on the working of the coast stations may therefore be put at Rs. 2,08,000 per year.

Aviation stations.

190. Seven of the thirty stations maintained by the Posts and Telegraphs Department are maintained entirely for Aviation purposes and their cost is recovered from the Civil Aviation Department. Two of them, namely, at Jodhpur and Gaya, were constructed sometime ago and have been working throughout 1930-31. Five others are under construction at Akyab, Sandoway, Chittagong, Bassein and Rangoon. Wireless services required in connection with Aviation are also rendered by two of the coast stations, namely, Karachi and Calcutta, and by Delhi and Allahabad which are inland stations. For Jodhpur and Gaya the Aviation Department paid the entire cost which amounted to Rs. 40,186 during 1930-31. For the other 4 stations in operation, the amounts payable by the Aviation Department are as follows :—

Stations.	Percentage of total cost.	Amount for 1930-31 (March 1931, final).
		Rs.
Karachi	20	32,929
Delhi	30	13,672
Allahabad	20·4	2,648
Calcutta	10·4	2,836

NOTE.—As the Aviation stations under construction have not begun to operate, no recovery is being made from the Aviation Department excepting the interest chargeable while the works are under construction.

191. It is obvious that the stations required for Aviation purposes must be maintained by the Department so long as a demand for this service is made on it by the Aviation authorities and the cost thereof is reimbursed. The scrutiny of the expenditure of the Civil Aviation Department has been entrusted to the General Purposes Sub-Committee of the Retrenchment Advisory Committee and the recommendations of that Sub-Committee will undoubtedly react on the accounts of the Wireless Branch. We presume that in case any of the existing stations maintained or operated for Aviation purposes ceases to be required by the Aviation authorities in the future, the financial details will be so arranged that the resulting loss does not fall on Posts and Telegraphs revenues.

Inland stations.

192. The other stations maintained by the Posts and Telegraphs Department are all included under this category. Of these, the stations at Madras and Rangoon are engaged entirely in handling the ordinary commercial traffic of the Department between Burma and India and the entire cost of these stations (Rs. 5,20,386, March final, 1931) is borne by the Telegraph Branch of the Department. The coast stations at Madras (St. Thomas' Mount) and Port Blair and the inland stations at Rangoon (Monkey Point) and Calcutta also handle a considerable amount of ordinary traffic of the Department and a certain proportion of their expenditure is borne by the Telegraph Branch. The total amount of the share borne by the Telegraph Branch in respect of these stations came to Rs. 2,21,859 in 1930-31 March final. The total amount payable by the Telegraph Branch to the Wireless Branch in return for the latter's handling of a portion of the ordinary telegraph traffic of India came thus to Rs. 7,42,245. Excluding

stations which are engaged either in providing wireless services to shipping and aircraft or for handling ordinary telegraph traffic of the country, the following other stations are maintained by the Department for the general purposes of Government: Jutogh, Lahore, Mhow, Nagpur, Peshawar, Poona, Quetta and Secunderabad. Of these stations the one at Peshawar, we understand, communicates with Kashgar with which place there is no other means of communication. The others are maintained at present solely for providing telegraph communications when the ordinary telegraph and telephone lines are out of action for any reason.

193. The following table shows the net loss to the Wireless Branch from stations of each kind during 1930-31 upto March 1931, final.

Stations.	Total expediture (including interest and depreciation).	Revenue.	Receipts from guarantors, etc.	Loss or Profit.
	Rs.	Rs.	Rs.	Rs.
Coast stations ..	6,00,000	1,20,000	2,72,000	—2,08,000
Purely Aviation stations ..	47,633	..	47,633	..
Other stations	12,64,739	10,420	5,96,484	—6,57,835
Total ..	19,12,372	1,30,420	9,16,117	—8,65,835

194. The analysis of the expenditure on, and the description of the functions of the various wireless stations attempted in the previous paragraphs make it clear that a greater part of the Wireless Branch has to be maintained and expenditure incurred in order to meet the needs of other Government Departments. It also makes it clear that no large economy in the expenditure in the Wireless Branch is practicable without affecting the interests of other Departments of Government. For instance, in the int rests of shipping and the safety of life at sea, in which the Commerce Department are primarily interested, the coast stations cannot be shut down. In spite of the existence of an economic crisis, we are not prepared to recommend that any of these coast stations should either be dismantled or put under care and maintenance. Again, unless the activities of the Civil Aviation Department are curtailed, the stations erected for Aviation purposes cannot also be dismantled. It is also not desirable to close down the wireless stations that carry an appreciable amount of ordinary telegraph traffic.

195. We are therefore left with the stations mentioned in paragraph 192. We are given to understand that excepting Peshawar which has a small amount of commercial traffic with Kashgar, the other stations are maintained entirely as an insurance against complete breakdown of all inland telegraph com-

munications. We understand further that in accordance with the Inchcape Committee's recommendations some of these stations were put under care and maintenance but that they were later reopened.

196. We have given the question of closing down some of these purely inland stations very careful consideration and after taking all the relevant factors and the evidence that we have received into account, we are of opinion that the stations at Jutogh, Lahore, Nagpur, Mhow, Quetta, Poona and Secunderabad should be put under care and maintenance, the expenditure being reduced to the absolute minimum necessary to prevent the apparatus from suffering deterioration, and for keeping it in such order that the station can be re-opened when occasion requires on reasonable notice being given. The actual details of a scheme are stated in the annexure to this chapter which was kindly prepared for us by the Director of Wireless. The estimated saving amounts to Rs. 89,000 per annum, inclusive of pensions, or Rs. 75,000 excluding them.

Superior staff at headquarters.

197. At present the Director of Wireless has two Engineers under him at headquarters, namely, one of Divisional and one of Assistant Divisional rank. We understand that the Director General appointed a senior officer at headquarters to report on the possibility of abolishing one post and that the officer, after careful investigation, has come to the conclusion that no retrenchment is possible. Notwithstanding this conclusion we are of opinion that a suitable reorganisation of work might make it possible to retrench one of the two posts.

Wireless Research and Experimental division.

198. In addition to the two wireless divisions for erection and maintenance of wireless stations, there is a third wireless division with headquarters at Calcutta. This is called the Wireless Research and Experimental division and is in charge of a Divisional Engineer, Wireless, with a suitable subordinate and clerical establishment. We understand that this staff is engaged in carrying out experimental work and in training the subordinate wireless staff. From the evidence before us, we are not satisfied that the work is sufficient in volume to justify the whole-time employment of an officer of this rank and we consider that the possibility either of abolishing this post or of replacing it by one of lower rank should be investigated by the Department.

199. During the time at our disposal, it was not possible for us to enquire fully into all items of wireless expenditure and we propose that this should be taken up subsequently.

ANNEXURE.

The Sub-Committee desired information as to the saving which would be effected if certain stations, which do not appear to be justified by the commercial requirements of the Department, were placed under " care and maintenance "

i.e., to say, kept in such a condition that they could be worked at any time if provided with staff. The stations in question are Lahore, Nagpur, Secunderabad, Jutogh, Mhow, Quetta, Poona.

2. With the exception of Poona the establishment laid down for each of these stations is one Wireless Supervisor, four Wireless Operators and one Engine Driver ; Poona is a much smaller station and has only one Supervisor and one Operator. The cost of these seven stations is very approximately as follows :—

	Average rate of pay.	Cost per mensem.
	Rs.	Rs.
7 Supervisors *	300	2,100
25 Operators	168	4,200
25 Operators' house rent allowance	25	625
6 Engine Drivers	80	480
		7,405
Maintenance		1,300
Pensionary charges		1,600
		10,305
		or Rs. 1,23,660 per annum.

3. For "care and maintenance" the staff could be reduced to one experienced Operator per station and cost would be—

7 Operators *	220	1,540
6 Engine Drivers	80	480
Maintenance		450
Pensionary charges		400
		2,870
		or Rs. 34,440 per annum.

Saving Rs. 89,220 per annum.

4. With regard to supervision, the staff proposed has been reduced to an absolute minimum and frequent inspection will be necessary to avoid undue depreciation of apparatus. It is considered therefore that no saving can be effected under supervision.

5. The pay has been taken at the rates now sanctioned and the savings are ultimate. The majority of the present staff are still drawing wireless allowances previously admissible ; on the other hand, the staff is approximately 20 per cent. under establishment. The actual saving cannot be calculated without detailed examination of the pay of each individual. Moreover, it would be necessary to consider the period necessary to absorb the staff thus released which again depends on the decision regarding other stations which are maintained on behalf of Civil Aviation.

6. Detailed information as to the interest and depreciation charges is not available in this office. The amount for the seven stations is estimated very roughly at Rs. 55,000 per annum.

* Quarters available.

CHAPTER X.

MISCELLANEOUS.

A.—Financial Adviser.

200. The post of Financial Adviser, Posts and Telegraphs was created on the recommendation of the Indian Retrenchment Committee of 1922-23 contained in paragraph 40 of Part III of their report. It has been represented to us from several quarters that this appointment is not necessary and that it can be abolished if the duty of preparing the budget and the giving of financial advice is entrusted to the Accountant General, Posts and Telegraphs, who is an officer of the Finance Department but whose pay and expenses are charged to the accounts of the Posts and Telegraphs Department. We have examined the suggestion in the light of the views of the Departments of Finance and of Industries and Labour of the Government of India, which were specially obtained by us. We have come to the conclusion that the suggestion is not a good one and that the continuance of the separate appointment of the Financial Adviser, Posts and Telegraphs, is advisable in the interests of the Posts and Telegraphs Department. We feel that if the post is abolished the necessary financial check on the working of the Department cannot be properly exercised unless a whole-time officer of suitable status is set apart for the purpose in the Finance Department.

B.—Expenditure on audit and accounts.

201. The accounts of the Posts and Telegraphs Department are mantained and audited by the Accountant General, Posts and Telegraphs and his Deputies. The Accountant General, Posts and Telegraphs is an officer of the Finance Department working under the administrative control of the Auditor General in India ; but the entire cost of the Posts and Telegraphs Accounts Department is borne by the Posts and Telegraphs budget. We are therefore naturally interested in this item although the detailed enquiry into the Posts and Telegraphs audit expenditure comes within the scope of the Audit and Accounts and Public Works Department Sub-Committee of the Retrenchment Advisory Committee. We had hoped that we should examine the possibilities of economy in the Posts and Telegraphs Accounts Department in consultation with our sister Sub-Committee, but for various reasons it was not possible to do so. We understand, however, that that Committee is likely to make recommendations which will yield a permanent recurring saving of $2\frac{1}{4}$ lakhs a year and a temporary saving for 2 years of Rs. 30,000.

At present the debit to the Department on account of audit and accounts is about Rs. 36 lakhs—a big sum. It is possible that the scale of pay in the audit offices is higher than that in the post offices. As a matter of fact, this point was stressed by some of the Service Associations. As explained above, the administrative control in this case is under another Department and the inconvenience caused by considerable differences in pay between the two Departments is obvious and need not be stressed. It appears to us that the question of co-ordinating the pay of clerical staff in the two Departments should be carefully considered and some working arrangement arrived at so that the scales of pay are about the same.

C.—Selection Versus Seniority.

202. From the evidence tendered to us we feel that there is ground for complaint against the manner in which the higher appointments in the Department are filled at present. In respect of all administrative appointments of importance the rules lay down, as far as we are aware, that merit and suitability for the higher appointments should be the most important considerations in selecting men for filling them. It has been stated to us that in practice seniority is being given perhaps undue weight at the expense of qualification and suitability. We are not in a position, nor can we be expected, to examine the extent of truth in this complaint but we would like to point out that inefficiency generally leads to lack of economy and the higher the appointments the greater the effects. We suggest therefore that instructions be issued to ensure that merit and suitability are given preponderating weight in making such appointments. We also suggest that steps be taken to see that the instructions are complied with.

D.—Decentralisation of work and delegation of powers.

203. The possibility of delegating increased powers to Heads of Circles and lower authorities has been mentioned specifically in our terms of reference. It was not possible for us, during the short time at our disposal, to go minutely into this question and to suggest specific measures of delegation but a good many of our recommendations for retrenchment are based on the consideration that all powers that can possibly be delegated will be so delegated. We recommend that the Director General should retain in his hands only such powers as cannot possibly be delegated to Heads of Circles.

Similar considerations apply in our opinion to the present system of All-India cadres. At another place in this report we have recommended that the cadres of such employees as Telegraphists and Engineering Supervisors, etc., should be "provincialised". That recommendation should be taken as applying to all other cadres where such a possibility is found to exist.

CHAPTER XI.

CUT IN PAY AND ALLOWANCES OF PRESENT INCUMBENTS.

204. The analysis of the financial position of the Posts and Telegraph Department attempted in the Chapter II of this report indicates clearly that the bulk of the expenditure of the Department is incurred on its establishments and therefore it will not be possible to effect immediate economy commensurate with the magnitude of the present economic crisis unless the emoluments of the existing staff are reduced. The recommendations contained in the preceding chapters will yield ultimately a saving of Rs. 44,06,300 exclusive of pensionary contributions. In Appendix I of this report we give a list of various suggestions which we could not investigate during the time available for submitting this *interim* report. These suggestions for economy should be investigated in due course but we do not anticipate any large amount by way of retrenchment.

205. We have given very careful consideration to the question of recommending a cut in pay of existing incumbents. It will be an unprecedented move in unprecedented times. A number of Governments, notably, Japan, Poland, Germany, several of the Republics of South America and now Great Britain have been compelled to resort to a reduction in pay of existing incumbents to meet the financial crisis through which their countries are passing. Even so, we would not have recommended a cut in the pay of existing incumbents if we were not convinced that the rates of pay that are being paid to the employees of this Department are susceptible of such reduction. We have in a subsequent portion of this report recommended rates which although lower than those sanctioned at present are in our opinion fully adequate for the services that the Department requires of its employees. With great reluctance and after considerable thought we have come to the conclusion that a cut in the pay of existing incumbents is unavoidable and is not unjustified.

206. This question came up for discussion with the various witnesses examined by us and also with the representatives of certain recognised Associations who appeared before us for their oral evidence. While they were opposed to a cut in the pay of existing incumbents they realised that a sacrifice may be unavoidable even after all other sources of economy had been exhausted. They also emphasised that in the contingency of a reduction in the pay of existing incumbents being found unavoidable the sacrifice demanded should be equitable and suitable to the circumstances of various grades of employees.

207. We have also considered the question whether the cut should be imposed in the form of a uniform percentage of pay or salary applicable to all classes of Government servants or whether it should be on a sliding scale, a heavier reduction being made upon the pay and salary of the more highly paid servants than of men on lower rates of pay. A uniform percentage applicable to all classes and all grades of pay has the merit of simplicity. But in its effects and incidence it may lead to hardship in some cases. We thought it would be conceded that a reduction of Rs. 10 out of a pay of Rs. 100 would be felt more severely than the reduction of Rs. 100 out of a pay of Rs. 1,000. In our opinion, therefore, the needs of the situation will not be met by a uniform out applicable to all classes.

208. It will be readily understood that there was some difference of opinion amongst us with regard to the rate of the cut and its scope. Since the question was to have been considered by the Main Retrenchment Advisory Committee, we came to some tentative conclusions and authorised our Chairman to place them before the Main Committee which, we understood, would have the proposals of the other Sub-Committees before them for consideration.

209. We now understand that the Retrenchment Advisory Committee has come to the following conclusions, with which after consideration we find ourselves in general agreement.

It is proposed that all pay, including allowances counting as pay as well as such compensatory allowances as are subject to income-tax actually drawn by an employee, should be subject to a reduction determined in accordance with the following scale :—

Amount of pay and allowance per mensem.	Rate of cut.
For the first Rs. 30	½ anna per rupee.
For an amount exceeding Rs. 30 but not exceeding Rs. 100.	1 anna per rupee on the excess over Rs. 30.
For an amount exceeding Rs. 100 but not Rs. 500.	7½% on the excess over Rs. 100.
For an amount exceeding Rs. 500 but not Rs. 1,500.	10% on the excess over Rs. 500.
For an amount exceeding Rs. 1,500 but not Rs. 3,000.	15% on the excess over Rs. 1,500.
Above Rs. 3,000	20% on the excess over Rs. 3,000.

210. It will be seen that the amount of reduction to be made from the salary of each employee will have to be calculated separately and it was therefore not possible for us to obtain a reliable estimate of the total saving that may be expected from this proposal. At a very rough calculation, we think that the total saving on a year's expenditure will be Rs. 50 lakhs approximately.

211. Compensatory locality allowances should be assimilated to those sanctioned by local Governments to their employees of corresponding status.

CHAPTER XII.

SUMMARY OF RECOMMENDATIONS FOR IMMEDIATE SAVINGS.

212. The economies and retrenchment that can be effected immediately and the amount of savings to the extent that we have been able to estimate are now summarised in the table below. It must be understood in this connection that some of the amounts have been entered under the head "Immediate Savings" on the assumption, that the Government of India will be able, within a short time, to pass final orders on the recommendations for abolishing superfluous appointments or substituting appointments on lower rates of pay as the case may be.

	Amount of savings per annum. Immediate.	Ultimate.
	Rs.	Rs.
Economies involving sacrifices from the public.		
(*i*) The number of deliveries of ordinary mails should not exceed 4 in a working day but may be increased in important places to five provided no extra expenditure is involved. [Chapter V-A]	Not estimated.	
(*ii*) All special deliveries of the foreign mails should be stopped forthwith and the foreign inward mails delivered with the first succeeding delivery of the inland mail. [Chapter V-B] ..	1,00,000	1,00,000
(*iii*) Overtime and other contingent expenditure incurred in the special sorting of the inward foreign mail at Bombay should be reduced to a minimum. [Chapter V-B]	Not estimated.	
(*iv*) Concession of preparing special bags of foreign correspondence received at Bombay addressed to certain high officials should be rigidly restricted. [Chapter V-C]	,,	,,
(*v*) Revision of the arrangement in connection with the Bombay Madras special train. [Chapter V-D]	10,000	10,000
(*vi*) Unremunerative post offices the annual loss on the working of which exceeds Rs. 120, after giving effect to retrenchment, should be closed down wherever possible. [Chapter V-E] ..	Not estimated.	
Economies in contingent and other expenditure.		
(*vii*) Various economies in the matter of printing of forms and periodicals. [Chapter VI-A]	*2,17,000	*2,17,000
(*viii*) Systematic repair and overhaul of lines and wires which are done at present annually as part of maintenance should be carried out only at certain main lines while that of other lines should be done every two or three years. [Chapter VI-B] ..	1,00,000	1,00,000
(*ix*) A draft of certain revisions in the rules regulating the supply of liveries and uniforms prepared by the Department is accepted. [Chapter VI-C]	Not estimated.	

*This amount has already been surrendered by the Department from its grant for the current year.

	Amount of savings per annum. Immediate. Rs.	Ultimate. Rs.
(*x*) Expenditure on the training of postal signallers can be reduced if part of the recruitment to the upper division of the clerical cadre in the Postal Branch is restricted to men prepared to undergo a telegraph training of the required standard at their own expense at recognised private institutions. We have recommended that postal signallers should receive a special pay of Rs. 5 p. m. for the time they are employed as signallers. [Chapter VI-D]	60,000	60,000
(*xi*) We endorse the decision of the Posts and Telegraphs Department to close down the Postal Workshops at Aligarh. [Chapter VI-E]	30,000	30,000
Special pay and allowances.		
(*xii*) The present system of sanctioning All-India cadres for certain classes of employees as General Service Telegraphists, Telegraph Masters and Engineering Supervisors involves a large number of unnecessary transfers and hardship to the staff. This and other cadres of similar status should be " provincialised " so that travelling allowance on transfers is saved. The present practice of classifying officials in the various branches of the Department, for the purposes of travelling allowances, in a class higher than that for which they are eligible in accordance with the provisions of Supplementary Rule 17 (*b*) and (*c*) should be stopped and the officers concerned should be graded in accordance with the rules mentioned. [Chapter VII-A]	Not estimated.	
(*xiii*) The grant of free quarters or house-rent allowance in lieu thereof should be regulated as follows :—	Not estimated.	
(*a*) The present arrangement in respect of postmen, linemen, inferior servants and other employees of corresponding status should continue.		
(*b*) Non-gazetted officers in all branches of ranks above those mentioned at item (*a*) above should be exempt from paying rent for quarters if, on account of the nature of their duties, they have to live on the premises.		
(*c*) Gazetted officers, who on account of the nature of their duties, have to live on the premises should be charged the assessed rent subject to a maximum of 5 per cent. of their pay, etc.		
(*d*) All other officers whether non-gazetted or gazetted should be required to pay the assessed rent of the Government building occupied by them subject to a maximum of 10 per cent. of pay. [Chapter VII-B.]		
(*xiv*) A departmental enquiry should be instituted and the rates of house-rent allowance paid at present revised, if necessary. [Chapter VII-B.]		
(*xv*) (*a*) The question of the continuance or otherwise of the Lee Concessions is one of general interest		
The percentage cut in pay of existing incumbents, as recommended later, as also a proportionate reduction of pay of future incumbents recommended elsewhere should apply equally to overseas pay or the amount of the sterling remittance concession ..	Not estimated.	

	Amount of savings per annum. Immediate. Rs.	Ultimate. Rs.
(*b*) As a measure of immediate economy, the number of passages standing to the credit of an individual officer or the members of his family should be reduced by one	Not estimated.	
(*c*) The special medical benefits authorised for officers of non-Asiatic domicile should be withdrawn and only such benefits should continue to be given at the cost of the State as are open to all Government officers irrespective of their domicile. [Chapter VII-C]	Not estimated.	
Retrenchment and economies in staff.		
Directorate.		
(*xvi*) The post of Deputy Director General, Staff, should be abolished permanently. The saving shown opposite takes into account the cost of the temporary appointment of Assistant Director General created in lieu of the Deputy Director-General-ship. As regards this latter appointment, please see item (xix) below. [Chapter VIII-A]	11,000	11,000
(*xvii*) The post of DeputyChief Engineer, Telegraphs, should be replaced by an officer of the rank of Divisional Engineer, Telegraphs, to work as Personal Assistant to the Chief Engineer on his own pay *plus* a special pay of Rs. 100. [Chapter VIII-A] ..	15,000	15,000
(*xviii*) The appointment of Controller of Telegraph Traffic should be abolished. [Chapter VIII-A]	15,000	15,000
(*xix*) The number of Assistant Directors General should be reduced from 9 [including one temporary created in place of Deputy Director General, Staff, *vide* item (*xvi*) above] to 7. [Chapter VIII-A]	31,000	31,000
(*xx*) 7 Assistant Directors-General should be replaced by officials designated Assistant Deputy Directors-General, as one of the officers now attached to the Directorate is designated. The pay of the Assistant Deputy Directors General should consist of pay on their own scale *plus* a special pay of 30 per cent. [Chapter VIII-A]	47,000	47,000
(*xxi*) The orders of Government reducing some clerical appointments in the office of the Director-General on the recommendation of an expert committee are noted. [Chapter VIII-A] ..	53,000	53,000
(*xxii*) The rates of pay of future recruits to the office of the Director-General should be such as may be fixed by Government for other attached offices after duly taking into account that the office of the Director-General is permanently located at Delhi and that therefore presumably the rates of pay should be lower than those for attached offices, the headquarters of which are at Simla	Not estimated.	
Circle Offices.		
(*xxiii*) The appointments of Deputy Postmasters-General, Traffic, attached to the Bengal and Assam, Bihar and Orissa, United Provinces, Punjab and N. W. P., Central, Bombay and Madras Circles should be abolished. [Chapter VIII-B].. ..	1,00,000	1,00,000
(*xxiv*) Five appointments of Superintendents of Telegraph Traffic, attached to Circle offices are recommended for reduction after taking into account the creation of one appointment of Superintendent of Telegraph Traffic, for Bihar and Orissa Circle. [Chapter VIII-B]	23,000	23 000

	Amount of savings per annum. Immediate.	Ultimate.
	Rs.	Rs.
(*xxv*) The two range offices at Dacca and Shillong should be abolished and an additional post of Deputy Postmaster-General Postal, attached to Circle headquarters at Calcutta. [Chapter VIII-B]	24,000	24,000
(*xxvi*) One appointment of Assistant Postmaster-General should be reduced from the headquarters gazetted strength of each of the following Circles :—		
Bengal and Assam, Bihar and Orissa, Bombay, Central, Punjab and N. W. F. [Chapter VIII-B]	37,000	37,000
(*xxvii*) The status and pay of the Junior Electrician in the Office of the Electrical Engineer-in-Chief, should be reduced to those of an Assistant Engineer from those of an Assistant Divisional Engineer [Chapter VIII-C]	4,000	4,000
One appointment of the Electrical Supervisor attached to the Office of the Electrical Engineer-in-Chief should be abolished. [Chapter VIII-C]	2,300	2,300
(*xxviii*) As the scheme for reorganising the work of the Telegraph Store-yard is being worked out, the only retrenchment that we recommend is the reduction of the status and pay of the Controller of Telegraph Stores from that of a Director of Telegraph Engineering to that of a Divisional Engineer, Telegraphs. In addition to his basic pay as Divisional Engineer, the Controller should receive a special pay of Rs. 100. [Chapter VIII-D]	13,000	13,000
(*xxix*) As a scheme for reorganising the Telegraph Workshops at Alipore is under examination in the Department we have no recommendations to make. We suggest the appointment of a special Committee to enquire into and report on the possibilities of transferring work between the Telegraph Workshops, the Metal and Steel Factory, Ishapore, the Gun and Shell Factory, Cossipore, and the Railway Workshops so as to obtain the maximum of economy. [Chapter VIII-E.]		
(*xxx*) We are not at present in a position to recommend any economies in the Engineering Branch of the Department but this matter will come under enquiry in connection with some of the items detailed in Appendix I of this Report.		
(*xxxi*) The following reductions in the cadre of Superintendents of Post Offices and R. M. S. are recommended :—		
13 appointments of officers in charge of the Postal divisions.		
1 appointment for the Bombay Suburban division which is vacant at present.		
3 appointments of City Superintendents, *viz.*, one each in Calcutta, Madras and Rangoon.		
The remaining 5 appointments of City Superintendents to be replaced by those of Postmasters, 3 of whom should be gazetted and 2 non-gazetted.		
6 appointments of Reserve Superintendents.		
3 appointments of Probationary Superintendents.		

	Amount of savings per annum. Immediate.	Ultimate.
	Rs.	Rs.
Against the gross reduction of 35 appointments, 5 appointments will have to be added to provide for a maximum of 5 appointments of Assistant Deputy Directors-General from the postal side. [Chapter VIII-G]	1,52,000	1,52,000
(*xxxii*) We recommend that the experiment of entrusting the side-lines and offices of the Railway Mail Service to the Superintendents of Postal Divisions and transferring the main lines and offices to the Superintendents, R. M. S., attached to the Circle headquarters, should be tried in the United Provinces Circle. If the experiment proves successful, it will lead to a saving of one R. M. S. division in this Circle and can then be extended to other Circles. [Chapter VIII-G.]		
(*xxxiii*) The abolition of 3 Superintendents of Telegraph Traffic which were attached to signal offices a few years ago on becoming surplus from Circle Offices, and of one appointment for the combined Postal and Telegraph Darjeeling-Sikkim-Tibet Line, are recommended. [Chapter VIII-H]	21,000	21,000
(*xxxiv*) We have made the following recommendations for retrenchment in the signalling establishments employed in departmental telegraph offices:—		
(*a*) Steps should be taken for absorbing existing surplus of 228 Telegraphists. The lowest estimate of the unnecessary expenditure due to this surplus establishment incurred at present is Rs. 1,50,000 per annum on pay alone	..	3,42,000
(*b*) The practice of sanctioning supernumerary appointments of Telegraph Masters should be abolished. There are 22 such appointments at present resulting in an unnecessary expenditure of Rs. 82,000 per annum.		
(*c*) The number of Telegraph Masters in departmental telegraph offices employing ten men or more (telegraphists and clerks) can be reduced if Telegraph Masters are provided with suitable assistance to relieve them of their clerical and non-technical duties.		
Normally, the assistance should take the form of experienced clerks, but until such time however as there is a surplus of telegraphists this surplus should be utilized to provide necessary assistance to Telegraph Masters. According to our estimates the number of Telegraph Masters can be reduced from 304 to 164 [Chapter VIII-I]	5,00,000	3,30,000
(*xxxv*) A Lower Division of clerks was instituted in 1928 for the performance of work of a routine nature. In practice recruitment to this division is restricted to postmen and other employees of corresponding status. We find that a sufficient number of postmen, etc., suitably qualified for promotion to a Lower Division of clerks is not available everywhere and that the work that can be		

	Amount of savings per annum. Immediate.	Ultimate.
	Rs.	Rs.
entrusted to them is generally of the simplest nature. This fact and the consideration that an appointment can be transferred from the time-scale to the Lower Division only on the occurrence of a vacancy has retarded the realisation of the economies expected from this scheme. We are of opinion that the entire work of the Department should be reorganised in such a way that work of routine nature or such as involves comparatively minor responsibilities can be entrusted to a Lower Division of clerks recruited partly from the open market and partly by promotion of employees of lower status. We estimate that 33% of the clerical cadre can be converted into Lower Division appointments as against the 11% that exist at present. [Chapter VIII-J]	..	20,24,000
(*xxxvi*) We endorse the proposal of employing extra departmental agents consisting of retired employees of the Department and others for manning the 1,484 departmental branch offices that existed in February 1931 as well as such other sub offices including combined offices, as it may be found possible. [Chapter VIII-K]..	...	5,00,000
(*xxxvii*) The inland wireless stations at Jutogh, Lahore, Nagpur, Mhow, Quetta, Poona, and Secunderabad should be put under care and maintenance and the expenditure reduced to the absolute minimum necessary to prevent the apparatus from suffering deterioration and for keeping the station in such order that it can be reopened on reasonable notice being given. (Chapter IX)	75,000	75,000
(*xxxviii*) The pay and such allowances as are subject to the income tax should be subject to a cut on a graduated scale rising from $3\frac{1}{8}$% to 20 % (Chapter XI)	50,00,000	..
Total ...	66,40,300	43,36,300

213. The total estimated amount of savings resulting from our proposals comes to Rs. 66,40,300 of which Rs. 61 33,300 is under pay and allowances counting for pension. There will consequently be a further saving of Rs. 5,02,603 calculated at 8·2% of the pay in the pensionary contribution which the Department has to pay to General Revenues.

214. We have not, however, tried to take into account the cost of compensation and other pensions to the retrenched personnel, and this fact should be borne in mind in determining the total reduction in the expenditure of Government.

215. We understand that in their *interim* report, the Audit and Accounts and Public Works Department Sub-Committee of the Retrenchment Advisory Committee have recommended economies in the expenditure of the Posts and Telegraphs Audit and Accounts Department, amounting to Rs. 2,25,000 permanent, and a temporary saving for two years of Rs. 30,000 per annum

PART III.

Economic rates of pay for future entrants.

CHAPTER XIII.

General considerations.

216. The question of the rates of pay for future entrants in the Posts and Telegraphs Department has been referred specifically for our advice in paragraph 2 of the subsidiary terms of reference, reproduced in the first chapter of Part I of our report. Before stating our recommendations and the reasons underlying them, we would like to offer some general observations. The various Associations of employees of the Posts and Telegraphs Department, who have submitted memoranda for our consideration or have appeared for oral evidence, have uniformly opposed any reduction in pay and allowances of future recruits. They maintain that there has been no appreciable fall in prices to justify any reduction in the scales of pay, some of which were sanctioned by Government only recently. They have stressed the fact that conditions of work in the Posts and Telegraphs Department are very different from those in other Departments, that hours of work are longer, holidays are fewer and the work is of such a character that it cannot be allowed to fall into arrears. The rates of pay in force at present are shown in Appendix VI to this report.

217. We have given the fullest consideration to all the arguments, and our proposals have been made after giving due weight to each and all of them. Broadly speaking, we have been guided in our proposals by th following principle adopted by the Islington Commission in their report :—

" Government should pay so much and only so much to their employees as is necessary to obtain recruits of the right stamp, and to maintain them in such a degree of comfort and dignity as will shield them from temptation and keep them efficient for the term of their service."

Whilst therefore we have noted the general fall in prices which has taken place, as indicated by the fall in the index figures of the cost of living published in the BombayLabour Gazette, we have not based any general recommendation on this ground.

218. We have also had to consider the respective advantages and disadvantages of remunerating staff on a continuous time-scale and on a graded system. It is well known that following the lead given by the Islington Commission in the matter of pay of superior services, the majority of Government employees are now on time scales of pay. The evidence before us is emphatic in asserting that the introduction of time-scales of pay throughout the Department has resulted in loss of efficiency as a certain number of men are content with doing the minimum amount of work required to ensure that their annual increments are not stopped. On the other hand, past experience has shown that a system in which every post or class of posts is placed in isolated grades unconnected with one another renders the flow of promotion uneven and causes hardship and discontent. After careful consideration, we have come to the conclusion that the solution of the difficulty lies in finding a *via* media between the two.

219. Where, therefore, we have formed the opinion that the existence of a continuous time-scale is not conducive to the efficiency of work we have

suggested the creation of separate grades. We have taken care, however, to ensure that each grade will have a sufficient number of appointments so as to provide for an even flow of promotion and that the pay for each grade will be on a time-scale basis so that within the limits of the grade every man will be assured of a steady increase in emoluments provided his service continues to be satisfactory. In making our proposals for revision of the scales of pay of different posts and classes, we have also kept in view the necessity for avoiding grounds for invidious comparisons as between co-ordinated grades in different branches of the Department, due regard being paid to the nature of work required of the men in each branch and each grade. We have also tried to smooth out such inequalities and anomalies in the rates of pay for different appointments as have, according to the evidence before us, contributed to unnecessary expenditure and difficulties in administration.

220. We would like to add that the rates of pay proposed by us in the subsequent chapters should be considered as subject to readjustments so as to secure co-ordination between the different Departments of Government.

CHAPTER XIV.

Higher Gazetted Appointments.

A.—*Director General of Posts and Telegraphs.*

221. The Director General of Posts and Telegraphs is the head of the entire Indian Posts and Telegraphs Department. This post was created in 1914 on the amalgamation of the old Post Office and Telegraph Departments. The pay of Rs. 3,500—100—4,000 as fixed then has not been changed since, but in common with other gazetted officers the Director General is entitled to certain concessions as regards passages, etc., if personally eligible thereto, but not to overseas pay. We recommend that the basic pay should be fixed at Rs. 3,000—100—3,500.

B.—*Chief Engineer, Posts and Telegraphs.*

222. The Chief Engineer is, under the Director General, the head of all the technical branches of the Department. The post as such was created in 1914 on the amalgamation of the Post Office and Telegraph Departments on a fixed pay of Rs. 2,750. In 1920, the pay was revised and fixed at Rs. 2,750—125—3,000. If personally eligible the Chief Engineer gets overseas pay in sterling of £13-6-8 and other concessions in accordance with the orders of Government passed on the Report of the Superior Civil Services Commission. We recommend a basic pay of Rs. 2,250—100—2,750.

C.—Postmasters General and Deputy Directors General.

223. Up to the 28th February 1930, Postmasters General and Deputy Directors General were graded together and received pay on the same scale, the Deputy Directors General who had to work at headquarters getting a special pay in addition to their basic pay. The scale of pay for these appointments sanctioned from 1st December 1919 was, in the case of officers of the Indian Civil Service, the I. C. S. scale *plus* a special pay of Rs. 250. For officers of the Department Rs. 1,750—100—2,250 with one selection post on Rs. 2,500.

224. The scales of pay for Postmasters General and Deputy Directors General were revised with effect from the 1st March 1930. On the ground of increased work and responsibility due to the unification of control over Engineering, Postal, and Telegraph Traffic work in the Circles, Postmasters General were given an increase in pay as follows :—

	Rs.
Officers of the I. C. S.	2,250—100—2,750
Non-I. C. S. officers	2,000—100—2,500

Note.—The P. Ms. G. in charge of the Bengal and Assam and Bombay Circles, whether belonging to the I. C. S. or not, receive a special pay of Rs. 250 p. m. in view of the alleged heavier work and responsibilities of their charges.

225. The rates of pay admissible for two out of the three appointments of Deputy Directors General, Postal, which were all previously graded with the appointment of Postmasters General, were left unchanged but that for one

appointment was increased, the designation of the post being also changed to that of Senior Deputy Director General. The incumbent of this appointment, if he belongs to the I. C. S., gets a fixed pay of Rs. 3,000. If he is a Departmental officer, he gets Rs. 2,750—125—3,000. The pay of the other two Deputy Directors General is the same as that sanctioned in 1919, namely Rs. 1,750—100—2,250. The special pay of the Deputy Director General was reduced from Rs. 200 to Rs. 175 in 1924.

226. It will be seen from the brief history of the revisions of pay attaching to these appointments that for officers of the Department the order of promotion has become as follows :—

(1) Deputy Directors General ;
(2) Postmasters General ;
(3) Senior Deputy Director General.

We understand that this has caused a certain amount of administrative inconvenience which has reacted on the efficiency of work in the Directorate and unnecessary expenditure on transfers. As a result of the fact that the pay of Postmasters General is now higher than that of Deputy Directors General while that of Postmasters General is in its turn lower than that of the Senior Deputy Director General, officers working as Deputy Directors General have to be posted to Circles and back again to the Directorate when their turn for promotion is reached. We have given the matter our careful consideration. On the one hand is the argument that Postmasters General being in charge of Circles have to undertake responsibilities from which Deputy Directors General working directly under the Director General are absolved and that this extra responsibility of Postmasters General deserves recognition by the grant of a higher scale of pay. On the other hand, is the argument that an officer working as Deputy Director General has to shoulder the arduousness and the responsibility of working at the headquarters of Government. In our opinion the two arguments can be balanced against each other and we recommend that the distinction between the grades of Postmasters General and Deputy Directors General should be done away with and that all Postmasters General and Deputy Directors General should be in one grade and should receive a pay of Rs. 1,800—60—2,100.

Special pay.

227. We do not think that there is sufficient reason to differentiate between the work and responsibilities of the Postmasters General, Bombay and Calcutta and those of others, and we recommend that the special pay attached to the former two appointments should be withdrawn but in view of the secretarial nature of the work of the Deputy Directors General, we recommend however that they should get a special pay of Rs. 150.

228. We are not in a position to advise on the question of the Senior Deputy Director Generalship, which was created in 1930, as it is one of detailed administration which we think is outside the terms of our reference. We think, however, that there is no justification for grading this officer separately from other Deputy Directors General or Postmasters General and in our opinion the requirements of the situation will be met, if it is decided to continue this appointment by granting a special pay of Rs. 250 in place of the special pay of Rs. 150 recommended by us to other Deputy Directors General.

229. As regards the emoluments of officers of the I. C. S. working in the Department, there is a difference of opinion amongst us. The Chairman and Mr. Annesley think that the present arrangement whereby an officer of the I. C. S. receives slightly higher emoluments than an officer of the Department when holding similar appointments should continue in order to enable officers of the Indian Civil Service to join the Department. They are of the opinion that this differentiation should consist in the grant of a special pay of Rs. 250, in addition to the basic pay fixed for the appointment. Messrs. Raghavan, A. N. Dutt and B. K. Basu do not subscribe to this opinion for the reason stated in the separate note attached to this report.

D.—*Deputy Director General, Telegraphs.*

230. The Deputy Director General, Telegraphs, is an officer of the Telegraph Department and has hitherto been, in accordance with the arrangements brought in force on the amalgamation of the Post Office and the Telegraph Department effected in 1914, an officer of the Engineering Branch. The pay at present is Rs. 1,750—100—2,150 which is the pay fixed for Directors of Telegraph Engineering, *plus* a special pay of Rs. 175. We shall deal with the rate of pay for Directors of Telegraph Engineering in a subsequent paragraph. But as regards the Deputy Director General, Telegraphs, we are of the opinion that his pay should be assimilated with that of the other Deputy Directors General, excepting the Senior Deputy. We recommend accordingly that he should be placed on the scale of Rs. 1,800—60—2,100 *plus* a special pay of Rs. 150.

E.—*Directors of Telegraph Engineering and Electrical Engineer-in-Chief.*

231. Directors of Telegraph Engineering are members of the Superior Telegraph Engineering Branch of the Department which is one of the Superior Services and which has hitherto been entirely under the control of the Secretary of State in Council. Their pay was revised with effect from August 30th, 1919, when it was fixed at Rs. 1,750—100—2,150.

232. There are at present 5 Directors of Telegraph Engineering. Previous to 1929, Directors were in independent charge of the Telegraph Engineering work including telephones in their territorial areas and were directly under the Director General of Posts and Telegraphs in the Engineering Branch. They had separate budgets and were in full control of all engineering personnel. As independent Heads of Circles, they had to deal directly with local Governments. As a result of the unification of control in Circles, the Directors were placed under the Postmasters General and the 5 appointments have been attached to the Bengal and Assam, Bombay, United Provinces, Punjab and N. W. F., and Madras Circles. Simultaneously, with this they have been or, so we understand, will be relieved of all questions relating to personnel and establishment, which are now dealt with in other Branches of the Offices of Postmasters General. There has thus been a material decrease in their responsibilities and we are of opinion that the future scale of pay for these officers should be fixed, keeping in view the technical qualification and experience required of the incumbents of such posts, at Rs. 1,300—50—1,500.

233. There are two other appointments, Controller of Telegraph Stores, and the Electrical Engineer-in-Chief, which are at present classed with Directors.

According to our recommendations the status of the former will be reduced to that of a Divisional Engineer, but the latter will continue to rank as a Director. His pay should, therefore, be Rs. 1,300—50—1,500.

F.—*Deputy Postmasters General.*

234. The scales of pay of Deputy Postmasters General have been subjected to frequent revisions. Previously, these appointments were all graded on the following emoluments :—

Rs. 1,200—40—1,400.

Rs. 1,000.

Rs. 800.

From 1st July 1922, the graded system was replaced by a time-scale, all posts being given Rs. 800—60—1,400. The pay was again revised with effect from 1st April 1928 when it was made Rs. 1,000—50—1,500. In our opinion a scale of Rs. 900—40—1,300 should be sufficient for these appointments.

G.—*Presidency Postmasters, Calcutta and Bombay.*

235. These two appointments are at present graded along with Deputy Postmasters General. In view of the heaviness and responsibility of their charges, we are of the opinion that this arrangement should continue but as in the case of Deputy Postmasters General, Postal, their scale should be reduced from Rs. 1,000—50—1,500 to Rs. 900—40—1,300.

H.—*Presidency Postmaster, Madras, and Postmaster, Rangoon.*

236. The responsibility and heaviness of the charges held by these officers are at present recognised to be lower than those of the Presidency Postmasters, Bombay and Calcutta. The present pay which is Rs. 800—40—1,000 was fixed in 1920. We recommend a scale of Rs. 700—40—900.

I.—*Deputy Postmasters General, Traffic, and Chief Superintendents in the Telegraph Offices at Calcutta, Bombay, Madras and Rangoon.*

237. All these appointments are included in the first Division of the Superior Traffic Branch and the pay is Rs 1,000—50—1,500. Their case is parallel with that of Deputy Postmasters General, Postal, and Presidency Postmasters both in the nature of duties and the source of recruitment. We recommend accordingly that the new scale should be Rs. 900—40—1,300.

J.—*Assistant Deputy Directors General.*

238. As recommended in Chapter VIII-A., Assistant Deputy Directors General will be recruited from amongst Superintendents of Post Offices, and officers of similar rank or from amongst Superintendents of the office of Director General. These officers should receive their basic pay as recommended subsequently, *plus* a special pay of 30% of the basic pay.

K.—*Assistant Postmasters General.*

239. Assistant Postmasters General receive pay on their scale as Superintendents of Post Offices *plus* a special pay of Rs. 100. All of us excepting our colleague Mr. Mohamad Yamin Khan who would reduce the special pay

to Rs. 50, are of opinion that this arrangement should continue. The basic pay will be that recommended by us subsequently.

L.—*Saving.*

240. The ultimate annual savings from the proposals made in this chapter are summarised below :—

Reference to paragraph.	Appointment.	Saving.
		Rs.
221	Director General of Posts and Telegraphs	2,000
222	Chief Engineer, Posts and Telegraphs	4,000
223 to 230	Postmasters General and Deputy Directors General ..	38,000
231 to 233	Directors of Telegraph Engineering, Electrical Engineer-in-Chief and Controller of Telegraph Stores	55,000
234	Deputy Postmasters General, Postal	7,000
235	Presidency Postmasters, Calcutta and Bombay	1,000
236	Presidency Postmaster, Madras, and Postmaster, Rangoon	2,000
237	Officers of the Superior Traffic Branch, 1st Division ..	6,500
	Total ..	1,15,500

CHAPTER XV.

Other Gazetted Appointments.

A.—*Postal Branch.*

Superintendents of Post Offices and R. M. S.

241. Officers of this designation are in charge of Postal and R. M. S. divisions and are entrusted with the control of post offices, other than Presidency post offices, or first class post offices situated within their territorial jurisdiction. Their status and pay are comparable with those of the provincial services working under local Governments. The cadre is filled partly by promotion of members of the subordinate establishment who have qualified themselves by passing a departmental examination and partly by direct recruitment from amongst candidates who qualify themselves at the competitive examination held by the Public Service Commission for recruitment to the Indian Audit and Accounts Service but are too low down on the list of successful candidates to be recruited for that service.

242. Before December 1919 the appointments were on the graded system, the various authorised scales being Rs. 500—20—600 ; Rs. 400—20—500 and Rs. 300—20—400. As a result of the recommendations of the Islington Commission a time-scale of Rs. 250—25—300—20—700 was sanctioned with effect from 1st December 1919. A further revision was effected in 1926 when the present scale of Rs. 300—20—600—25—750 was sanctioned. It will be noticed that in the case of these appointments the various revisions of pay that have been sanctioned between 1919 and now have amounted more to readjustments of the scale than increase in the emoluments. Keeping in view the duties entrusted to these officers, the method of recruitment, etc., and all other relevant considerations we recommend a scale of Rs. 250—25—650.

Probationery Superintendents of Post Offices and R. M. S. are direct recruits to the cadre of Superintendents of Post Offices and R. M. S while they are under training and probation and are waiting for confirmation as Superintendents.

Prior to 1919, they were remunerated on fixed rates varying between Rs. 80 and Rs. 150. From 1st December 1919, they are given a fixed pay of Rs. 200. We recommend a fixed pay of Rs. 150.

Gazetted Postmasters.

243. There are 48 gazetted appointments of Postmasters at the more important places and they are remunerated on two different scales of pay. The Postmasters in charge of Delhi, Lahore, Poona, and Karachi post offices come next after the Presidency Postmaster, Madras, and Postmaster, Rangoon, in respect of work and responsibility and are at present in receipt of a pay of Rs. 700—25—800. We recommend a scale of Rs. 625—20—725. The other 44 gazetted appointments include Postmasters of a number of important offices like Ahmedabad, Lucknow, etc., as well as the Deputy and Assistant Postmasters in some of the largest offices. Their present scale of pay is Rs. 350—30—650 and we propose that it should be Rs. 300—20—600.

Treasurer, Calcutta General Post Office.

244. The cash and treasury work of the General Post Office at Calcutta is done departmentally and is in charge of a Treasurer who has to deposit a heavy security. The present rate of pay is Rs. 400—10—500. In view of the heavy monetary responsibilities that the Treasurer has to shoulder and other important considerations we are of the opinion that this rate of pay should remain unchanged.

B. Telegraph Traffic Branch.

Superior Traffic Branch, II Division.

245. The Second Division of the Superior Traffic Branch was created along with the First Division in 1914 on the amalgamation of the Post Office and the Telegraph Department, with 27 appointments. The rate of pay sanctioned then was a time-scale of Rs. 250—15—400—20—600. This scale was revised to Rs. 300—20—600 with effect from 1st March 1919. From 27th September 1920, the scale was further revised to Rs. 350—20—550—30—700. Members of this service are employed as Superintendents of Telegraph Traffic and Personal Assistants to Deputy Postmasters General, Traffic, both of which are attached to Circle headquarters. They are also appointed to hold independent charge of telegraph offices of intermediate importance and to serve as assistants to the Chief Superintendents of the larger telegraph offices. Broadly speaking, their status, work, and pay are comparable to those of Superintendents of Post Offices and R. M. S., including Assistant Postmasters General.

246. There is another consideration that is to be borne in mind in connection with this service. There is in addition to this service another class of posts called Deputy Superintendents divided into two grades ; Deputy Superintendents, Class II on Rs. 350—20—450 and Deputy Superintendents, Class I on Rs. 500—20—600. The appointments of Deputy Superintendents are meant for holding charge of the smaller telegraph offices and to provide assistance for Superintendents of Telegraph Traffic, and Chief Superintendents. Both the Superior Traffic Branch, Second Division and the two classes of Deputy Superintendents are recruited in practice from amongst the subordinate establishment although in theory it is open to the Department to appoint direct recruits to the Second Division of the Superior Traffic Branch. The distinction between the two services lies in the idea that recruits to the Second Division of the Superior Traffic Branch should consist of promising and fairly young subordinates who would in the course of time be suitable for holding important traffic appointments of Superintendents of Telegraph Traffic, as well as those in the First Division of the Superior Traffic Branch.

247. Taking all the relevant factors into consideration, we suggest that their scale of pay should be the same as that of Superintendents of Post Offices and R. M. S., *viz.*, Rs. 250—25—650 even though the minimum of the proposed scale may be less than the maximum of certain subordinates.

Deputy Superintendents, Traffic, Classes I and II.

248. Deputy Superintendents, Traffic, are recruited from amongst subordinates in the Telegraph Traffic Branch and are divided into two classes.

	Rs.
Class II	.. 350—20—450
Class I	.. 500—20—600

It will be noticed that the rates of pay for the two grades if set out continuously, overlap the pay for the Superior Traffic Branch, Second Division. Although to a certain extent, there is not much distinction between the duties of a Deputy Superintendent and those of a member of the Superior Traffic Branch, Second Division, there is as explained in paragraph 246 a distinction in the method of recruitment and the future prospects and promise of work for the two classes of officers. We also understand that in practice there is no distinction between the work entrusted to Deputy Superintendents in Class II and those in Class I. We recommend that the existence of two classes should be discontinued and that all Deputy Superintendents should be remunerated on a continuous time-scale of Rs. 300—20—540.

C.—*Telegraph Engineering and Wireless Branches.*

Officers of the Superior Telegraph Engineering and Wireless Branches.

249. The cadre consists, excluding the appointments in the administrative grades, of Assistant Divisional Engineers and Divisional Engineers. The scales of pay are as shown below :—

Senior Scale—Rs. 625—2—675—725/2—50—1,025/2—50—1,275/2 1,375.

Junior Scale—Rs. 375—50—525/2—575—625/2—50—975.

Generally speaking, officers not holding charge of Engineering divisions or other charges deemed equivalent thereto, are remunerated on the junior scale while those holding charge of divisions or equivalent appointments draw pay on the senior scale. Recruitment is made partly in England by the Secretary of State and partly in India through the Public Service Commission. The recruitment in India is again made partly from the open market on the results of a competitive examination, and partly by promotion of specially selected subordinate officers employed in the Department. Members of this service, if personally eligible, are entitled to overseas pay, passage concessions, etc. We recommend the continuance of the present system of parallel scales of basic pay but would reduce them as follows :—

Junior Scale—Rs. 300—40—380—35—800

Senior Scale—Rs. 550—35—1,110 the senior scale to start in the 5th year of service instead of in the 4th year as at present.

Assistant Engineers, Telegraph, Telephone, Electrical and Wireless.

250. The Assistant Engineers occupy the same position in the Engineering Branch as do Superintendents of Post Offices and R. M. S. in the Postal Branch and Officers of the Superior Traffic Branch, II Division, and their scale of pay is also the same as that for the latter service. The parallelism between the Superior Traffic Branch and the Assistant Engineer goes further. In addition to Assistant Engineers there is a class of Deputy Assistant Engineers divided into two grades exactly parallel both in the matter of pay, status, and recruitment with Deputy Superintendents, Traffic. For the reasons which we have stated earlier in dealing with the case of the Second Division of the Superior Traffic Branch, we recommend a scale of Rs. 250—25—650.

Deputy Assistant Engineers, Telegraph, Telephone, Electrical and Wireless.

251. These officers are strictly comparable with Deputy Superintendents, Traffic. There is further the same distinction between Deputy Assistant Engineers and Assistant Engineers as there is between Deputy Superintendents, Traffic, and the Superior Traffic Branch, Second Division. For the reasons stated in dealing with the case of Deputy Superintendents, Traffic, we are of the opinion that the distinction between the two classes of Deputy Assistant Engineers should be abolished and they should be given a continuous time-scale of Rs. 300—20—540.

D.—Estimated savings.

252. The estimated annual savings that will be ultimately realised are—

Reference to paragraph.	Appointment.	Saving.
		Rs.
241—242	Superintendents of Posts Offices and Railway Mail Service	1,22,000
	Probationary Superintendents of Post Offices and Railway Mail Service	6,600
243	Gazetted Postmasters	47,400
245—247	Superior Traffic Branch, 2nd Division	14,800
248	Deputy Superintendents, Traffic	57,900
249	Superior Telegraph Engineering and Wirless Branches (Assistant Divisional Engineers and Divisional Engineers)	62,000
250	Assistant Engineers, Telegraphs (General, Telephone, Electric and Wireless)	9,700
251	Deputy Assistant Engineers, Telegraphs (General, Telephone, Electrical and Wireless)	1,29,000
	Total ..	4,49,400

CHAPTER XVI.

NON-GAZETTED APPOINTMENTS.

A.—*Staff on clerical rates of pay.*

253. According to the Administration Report of the Posts and Telegraphs Department, the number of subordinate officials who can be regarded broadly as being remunerated on clerical scales of pay on the 31st March 1930 was as follows :—

Designations.	Numbers.
Inspectors	514
Head Clerks of Superintendents	126
Other head and sub-postmasters in the non-gazetted selection grades ..	659
Clerks and others in non-gazetted selection grades	851
Sub-postmasters, clerks and others on the time-scale	30,860
Branch postmasters, departmental	1,432
Overseers, Sorting Postmen, etc.	2,125
Munshi clerks and others	950
	37,517

254. The lowest scale of pay is that applicable to the Lower Division clerks of whom there are 11 per cent. at present. This grade of clerks has up to the present been recruited only by the promotion of men of lower status such as mail guards, postmen, village postmen, etc., etc. Above the Lower Division is the ordinary time-scale for clerks and sub-postmasters, etc., who constitute the bulk of the subordinate establishment of the postal branch. This scale applies not only to clerks in post offices but also to those attached to Postal and R. M. S. Divisional Offices and to the offices of the Postmasters General. Above the time-scale are the junior and senior selection grades which constitute roughly about 8 per cent. of the total clerical cadre and which are meant to provide for appointments involving heavier work or responsibility.

255. The scales of pay for the 4 grades mentioned above are shown in the sub-joined table. The important point to be noticed in connection with these scales is that while the same rates are applicable respectively to the two selection grades throughout India and Burma, the scales for the Lower Division and the time-scale clerks are different for different places and areas as shown in the table.

Localities and Areas.	Lower division clerks.	Ordinary time-scale clerks.	Junior selection grades.	Senior selection grades.
	Rs.	Rs.	Rs.	Rs.
Bengal and Assam Circle—				
Calcutta and its vicinity ..	50—5—100	50—6—110 —5—160	160—10—250	250—20—350
Rest of Circle	40—4—80	40—5—140	Do.	Do.

Localities and areas.	Lower division clerks.	Ordinary time-scale clerks.	Junior selection grades.	Senior selection grades.
	Rs.	Rs.	Rs.	Rs.
Bihar and Orissa Circle—				
Patna and Ranchi	40—4—80	40—5—140	160—10—250	250—20—350
Rest of Circle	35—4—75	35—5—135	Do.	Do.
Bombay Circle—				
Aden, Bombay and its vicinity ..	60—4—100	60—5—160	Do.	Do.
Poona and Ahmedabad	50—4—90	50—5—150	Do.	Do.
Rest of Circle	40—4—80	40—5—140	Do.	Do.
Burma Circle—				
Rangoon	70—4—110	70—5—170	Do.	Do.
Rest of Circle	50—4—90	50—5—150	Do.	Do.
Central Circle—				
Nagpur and Jubbulpore ..	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
Madras Circle—				
Madras	40—5—90	40—6—100 —5—150	Do.	Do.
Madura, Bangalore, Hyderabad (Deccan) and Dhanushkodi.	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
Punjab and N. W. F. Circle—				
Lahore, Delhi, Peshawar, Rawalpindi, Amritsar and Simla.	45—4—85	45—5—145	Do.	Do.
Ambala and Abbottabad ..	40—4—80	40—5—140	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
United Provinces Circle—				
Allahabad, Cawnpore, Agra, Lucknow, Meerut and Benares.	45—4—85	45—5—145	Do.	Do.
Rest of Circle	35—4—75	35—5—135	Do.	Do.
Sind and Baluchistan Circle—				
Baluchistan	60—4—100	60—5—160	Do.	Do.
Karachi and Persian Gulf (including Mekran Coast).	50—4—90	50—5—150	Do.	Do.
Rest of Circle	40—4—80	40—5—140	Do.	Do.

256. The existing scales of pay have been evolved over a long period of time. For the purposes of this report, it will be sufficient to go back to the year 1920 when the Government of India appointed a Postal Committee with Mr. H. N. Heseltine, C.I.E. as President " to enquire into the conditions of service of the non-gazetted supervisory, clerical, sorting, delivery and menial establishments employed in the Postal Branch and such subordinate establishments of the Telegraph Branch, including telephone staff, as have not been dealt with by the recent Telegraph Committee, with special reference to the rates of pay and allowances, the hours of duty, and the principles which have been laid for fixing the strength of the staff ".

257. The Committee submitted their report on the 31st August 1920 and Government orders on their recommendations were issued in a series of resolu-

tions issued in that year and the next. The case of clerks of various post and other offices in the Postal Branch was dealt with in Chapters II to VI of the Committee's report. Roughly speaking, their recommendations consisted of the replacement of a graded system, which had been last revised as recently as 1st February 1920, by one on the time-scale, with a certain number of appointments in a selection grade remunerated on a more liberal scale. The scales of pay varied from locality to locality and were arrived at after laborious investigation. The recommendations of the Committee, as sanctioned by Government, resulted in an increase of over Rs. 150 lakhs in the cost of salaries of the clerical, delivery and menial staff for 1921-22.

258. The revisions of pay announced in 1920-21 failed to keep the staff satisfied for any length of time and the question of amelioration of conditions of service of the staff was the subject of constant discussion in the Houses of Legislature. In February 1925, Mr. Bepin Chandra Pal moved a resolution in the Legislative Assembly for the appointment of a Committee of Enquiry into the grievances of the postal staff. On the Hon'ble Member for Industries and Labour agreeing to receive a deputation from the staff to represent and discuss their grievances, the consideration of the motion was adjourned. A deputation of the All-India (including Burma) Postal and Railway Mail Service Union waited on the Hon'ble Member in charge of Industries and Labour and the Director-General of Posts and Telegraphs in March 1925, and represented a large number of grievances. As a result of the detailed examination of the question that was undertaken, improvements began to be effected commencing with the year 1926-27 and continued up to the year 1928-29. Details of these measures are given in Appendix VI to this report. The amounts shown there are those provided for in the budgets for the respective years when the proposals were put up for sanction. They do not by any means represent the annual increase in the expenditure of the Department. For instance, although the budgetted amount for the years 1926-27 and 1927-28 was Rs. 22,95,000, the cost for a full year of the measures sanctioned in those two years was estimated at Rs. 24,50,000. It has also been stated by the Accountant General, Posts and Telegraphs, in his Appropriation Accounts for the year 1929-30 that the estimates of the cost of the various schemes for revision of pay, etc., have proved to be incorrect although it is impossible even now to determine accurately what the actual cost has been or will be when the position due to recruitment and promotions on the one hand and retirements on the other has been stabilised. Without going into details, it will be seen from the table in paragraph 20 that, in the Department as a whole, while the increase in the numbers of the personnel has been 9·5 per cent., the increase in the cost thereof has been about 25 per cent.

259. In making our proposals for the rates of remuneration for future entrants in the clerical cadres of the Postal Branch, we have considered the respective merits and demerits of continuing the present arrangement wherein there are 8 different scales of basic pay applicable to 8 different groups of localities and areas on the one hand, and of having, on the other, a uniform basic scale of pay applicable throughout India and Burma, supplemented by the addition of suitable compensatory allowances to cover variations in the cost of living in those localities. In our view the present system is defective in its inception in as much as the so-called rates of basic pay include a certain amount which is obviously of the nature of a compensatory allowance. We also under-

stand that the existence of different scales of pay within each Circle and sometimes even within smaller areas included in the Circle leads to inconvenience in administration and unnecessary expenditure in the matter of transfers. Some of these defects have, we understand, been removed by a modification of Fundamental Rules 22 and 26. But in our opinion such measures are merely palliative and that the needs of the situation should be recognised by having one uniform scale of pay applicable throughout India and Burma, supplemented by suitable compensatory allowances so that such transfers as have to be made in the interests of work can be carried out without hardship to the employee on the one hand or waste of public funds on the other.

260. As recommended by us in Chapter VIII-J of this report, we consider that the clerical cadre of the branch should be divided into two divisions. One should be a Lower Division to provide for work of a routine nature or such as involves ordinary responsibility which a clerk of the lowest rank and status can reasonably be expected to undertake. Simultaneously, there should be an Upper Division of clerks to provide for work of a more difficult or responsible character. As recommended elsewhere, the Lower Division of clerks should consist of men obtained partly by direct recruitment from the open market of men with minimum educational qualification of having secured a pass in the Matriculation examination and partly from amongst postmen and men of corresponding status, *i.e.*, of all ranks below that of Lower Division clerks. Similarly, the Upper Division should be recruited partly by promotion of men from the Lower Division and partly by recruitment from the open market. For direct recruits, we suggest that a pass in the Intermediate examination of an Indian University or any other examination recognised to be equivalent thereto, should be the minimum qualification. The promotion of Lower Division clerks to the Upper Division should be made on the suitable test regulated under departmental rules. In our opinion a maximum of 50 per cent. of the appointments vacant in the Upper Division may be recruited from amongst men in the Lower Division.

261. In view of our remarks contained in paragraph 219 we would divide each of the two divisions into two grades. Above the ordinary time-scales we would continue the two selection grades, Junior and Senior, that exist at present. The following table gives the rates of pay for the various grades applicable throughout India and Burma as also the average cost of each grade and the percentage of appointments to be included in each grade. Postal clerks employed as signallers should, we also recommend, get a special pay of Rs. 5 per mensem, in addition to their time-scale pay.

Grade.	Rate of pay.	Average cost.	Number of appointments in the grade.
(1) Lower Division—			
Second grade	35—35—2—55	48·4	20% of the total cadre.
First grade	55—2—75	68·4	13% of the total cadre.
Upper Division—			
Second grade	40—40—4—80	68·9	35% of the total cadre.
First grade	84—4—120	108·8	24% of the total cadre.

Grade.	Rate of pay.	Average cost.	Number of appointments in the grade.
(3) Selection grades—			
Junior	135—8—215	182·4	*
Senior	215—15—290	248·6	8% of the total cadre.

*The proportion between the numbers of appointments in the two selection grades will vary according to the number of appointments involving duties of a nature justifying pay on the one scale or the other. It is therefore not possible to fix the exact proportion between the appointments in the two scales, but for the present it may be assumed that the existing proportion will continue unchanged.

262. An examination of the figures given in the above table will show that against 33 per cent. appointments in the Lower Division there will be 59 per cent. in the Upper Division. We have also recommended that 50 per cent. of the appointments in the Upper Division may be filled by promotion of Lower Division clerks. In other words, 33 per cent. of the total cadre who will form the Lower Division can look forward, if qualified, to promotion to Upper Division appointments numbering 29·5 per cent. of the total cadre. We believe it will be conceded that in these circumstances the chances of promotion to the proposed Upper Division that will be, when things have become stabilised, such that no objection can be taken.

263. There are two important points of detail that we should like to mention here. In another place in this report we have explained the reason for the comparatively short scale sanctioned at present for the Lower Division clerks. In proposing the rates of pay for the Lower Division, we have not overlooked the matter of providing avenues of promotion to men of the postmen and other corresponding classes. We realise that the maximum of the rates of pay of the postmen will, in some cases, exceed the minimum for the Lower Division. But according to us it will be only the brighter men in the postmen and corresponding classes who can rightly expect and will receive promotion to the clerical cadre. These men will be comparatively junior in service when they are selected for such promotion and in that case the scales of pay proposed by us will not be in our opinion unsuitable for this class of the future Lower Division clerks.

264. The other point relates to the initial remuneration of men with higher educational qualifications. We understand that hitherto the Department has been given to graduates and undergraduates, recruited as clerks, starting pay higher than the minimum. Under our proposals, the minimum qualifications for the direct recruits to the Upper Division will be a pass in the Intermediate examination and we think that this will meet all requirements of the Department. In the circumstances, we do not think that it would be justifiable to

grant a starting pay higher than the minimum to graduates, who may be recruited as clerks in future. In this connection it must be remembered that graduates will naturally get preference in recruitment to the Upper Division.

265. In addition to the rates of pay, which we call basic pay, men in the Lower and Upper Divisions of clerks should receive the following compensatory allowances to cover the extra cost of living in the localities mentioned :—

	Rs. per mensem.
(*i*) Rangoon	30
(*ii*) Bombay, Calcutta, Aden, Quetta and all offices in Baluchistan	20
(*iii*) Karachi, offices on the Persian Gulf and the Mekran Coast and all places in Burma, except Rangoon	15
(*iv*) Poona, Ahmedabad, Delhi, Lahore and Madras	10
(*v*) Amritsar, Rawalpindi, Peshawar, Agra, Cawnpore, Lucknow, Meerut, Allahabad, Benares, Hyderabad (Deccan), Abbottabad and Simla	7

266. The compensatory allowances recommended in the previous paragraph are designed to cover the extra expensiveness of living in the localities mentioned and represent, in our opinion the proper equivalent, after paying due regard to the reduction in pay that we have effected, of the differences between the eight different rates of basic pay in force at present and the All-India basic rate of pay proposed by us. In addition to the basic pay which differs according as the locality is one or the other of the 8 groups, employees of the Department stationed in certain areas and localities receive compensatory allowances for various considerations. We understand that, generally speaking, these allowances are granted on the analogy and basis of similar allowances granted by local Governments to their employees of corresponding status stationed in the same localities. We approve of this principle of basing, what we may call, locality allowances on the practice of the local Government concerned, and we recommend that such locality allowance should be continued as at present, subject to the provisos, firstly, that they are reduced *pro tanto* as the corresponding allowance granted to employees of local Governments is reduced, and, secondly, that these special locality allowances are consolidated with the compenatory allowances recommended by us in the previous paragraph.

267. The ultimate annual saving will be Rs. 68,00,000.

B.—*Postmen, village postmen, mail guards and departmental stamp vendors in post offices other than Calcutta, Bombay, Madras and Rangoon.*

268. The general history of postmen is the same as that sketched out in connection with the clerks. Their scales of pay were improved and the time-scale plan adopted as a result of the enquiries of the Heseltine Committee. Since then various other measures have been carried out for improving their conditions of service, etc.

269. As in the case of clerks, postmen, including village postmen, etc., are remunerated at rates of pay which are different for different places. But unlike the case of clerks, there are only 5 such groups of localities having different rates of pay. We have carefully considered whether in this case also the

present system should not be replaced by one of uniform basic pay throughout India with suitable compensatory allowances as has been recommended by us in the case of clerks. While there are obvious attractions in one uniform plan for remunerating all classes of employees in the Department, other factors such as the mobility of labour, the recruiting market and the class of employees, etc. have also to be taken into consideration. In view of the fact that the postmen class is recruited from a somewhat different strata of society than the clerical class, we consider that the disadvantages of the plan adopted for the clerks outweigh the advantages. We are therefore of the opinion that the present system of granting different rates of pay in the 5 groups of localities should continue. The accompanying table compares the existing rates of pay for the various localities and those proposed by us ; it also gives the average cost of the existing and the proposed scales of pay.

Locality.	Present.		Proposed.	
	Scale of pay.	Average cost.	Scale of pay.	Average cost.
	Rs.	Rs.	Rs.	Rs.
1. A.—*Burma Circle*— Rangoon				
B.—*Bombay Circle*— Bombay city and its vicinity Aden, Poona and Ahmedabad.	30—1—50	41—0—0	27—1—45	37—11—0
C.—*Sind and Baluchistan Circle*— Karachi and Persian Gulf ..				
D.—All places in Baluchistan ..				
2. A.—*Bengal and Assam Circle*— Calcutta, Alipore, Borisha, Vishnupur, Bartalla, Daccuria, Dak Junction, Tollygunje, Tiljala, Howrah, Sibpur, Botanic Garden and Sulkia.	25—1—45	34—15—0	22—1—40	32—11—0
B.—*Burma Circle*— All places other than Rangoon.				
C.—*Sind and Baluchistan Circle*— Mekran Coast				
3. A.—*Madras Circle*— Madras City				
B.—*Punjab and N. W. F. Circle*— Simla, Lahore, Delhi, Peshawar, Rawalpindi and Amritsar.	23—1—43	33—5—0	21—1—39	31—11—0
C.—*U. P. Circle*— Allahabad, Agra, Cawnpore, Lucknow, Meerut.				

Locality.	Present.		Proposed.	
	Scale of pay.	Average cost.	Scale of pay.	Average cost.
	Rs.	Rs.	Rs.	Rs.
4. A.—*Bengal and Assam Circle*— All places other than those mentioned at item 2—A B.—*Bihar and Orissa Circle*— Patna and Ranchi .. .. C.—*Bombay Circle*— All places other than those mentioned at item 1—B D.—*Central Circle*— Nagpur and Jubbulpore .. E.—*Madras Circle*— Madura, Bengalore, Hyderabad (Deccan), Dhanuskodi. F.—*Punjab and N. W. F. Circle*— Ambala .. .. .. G.—*U. P. Circle*— Benares .. .. H.—*Sind and Baluchistan Circle*— All places in the Circle other than those included in groups 1 and 2.	20—1—40	30—8—0	18—1—36	28—11—0
5. A.—*Bihar and Orissa Circle*— All places other than Patna and Ranchi. B.—*Central Circle*— All places other than Nagpur and Jubbulpore. C.—*Madras Circle*— All places other than those included in groups 3 and 4. D.—*Punjab and N. W. F. Circle*— All places in the Circle other than those included in groups 3 and 4. E.—*U. P. Circle*— All places other than those included in groups 3 and 4.	18—1—38	28—11—0	16—1—34	26—11—0

270. The ultimate annual saving is estimated at Rs. 7,37,000.

C.—*Traffic Subordinates.*

Telegraphists.

271. The signalling establishment employed in departmental telegraph offices consists of Telegraphists who work under the supervision of Telegraph

Masters and other officers of the Telegraph Branch who are also recruited by promotion of Telegraphists. As will be seen from the figures given below the Department has been steadily and consistently following a policy of replacing small departmental telegraph offices by combined offices. This has been done by applying the following criteria which were clearly stated by Sir Lewis Tupper's Telegraph Committee of 1906-07 :—

> " Our opinion on the principles which should govern the opening and combining of certain offices is as follows :—
>
> We consider that no signal office should be departmental except for traffic, technical, military, strategical or political reasons. The telegraph service should meet the commerical and public interests and we consider that a departmental office is justified on the grounds of traffic when it has been found that an efficient service cannot be rendered by the postal staff. The efficiency of the service depends on the class of postal candidates recruited, the training which they undergo, and the supervision which is exercised over them.....Each proposal for the conversion of an office to departmental or combined should be considered on its merits .....The point for consideration in such cases is whether a reasonably efficient and reliable service can be offered to the public by a combined office and when this condition is satisfied there is no reason for having the office departmental. It is waste of force and money to keep a small office in charge of a well-paid departmental signaller if the work can be done efficiently by a cheaper postal signaller, and the question of converting such offices should be periodically examined as the work of the postal signaller improves in consequence of the higher standard to be introduced ".

272. The conversion of departmental into combined offices received an impetus in the report of the Posts and Telegraphs Department Committee of 1924-25 presided over by Mr. T. Ryan, C.I.E., now Joint Secretary in the Department of Industires and Labour. When the Ryan Committee submitted their report, there were 150 departmental telegraph offices of which 83 had a total staff, operative, clerical and supervisory, of 10 men or less in each. By the end of 1929-30, the total number of departmental telegraph offices had come down to 81 and we understand that the further conversion of offices is also possible in view of the gradual improvement in the efficiency of the postal signallers and other reasons. The absorption of the present surplus of Telegraphists will at the most take about 2 to 3 years, so that there is no reason to anticipate that the Department will not have eventually converted all the 67 offices which the Ryan Committee had apparently in mind when writing paragraph 95 of their report. In fact it may be possible as a result of further developments to reduce the number of departmental telegraph offices still further.

273. The number of small departmental telegraph offices manned entirely by Telegraphists has an intimate relation to the methods of recruitment, the conditions of service, and the rates of pay for Telegraphists. Because of the

existence of a large number of such offices, frequent transfers of Telegraphists were necessary in order to keep all these offices fully manned in case of men being absent for one reason or another. To meet the situation the Department has been employing three classes of Telegraphists, *viz.*, General Service Telegraphists, Local Service Telegraphists and Station Service Telegraphists.

The General Service Telegraphists have always been liable to service in any part of India and Burma at very short notice. In view of this liability to transfer they have been in receipt of special rates of pay and free furnished accommodation at the expense of the State.

The Local Service of Telegraphists was created as a result of the recommendations of the Tupper Committee of 1906-07 and its members were liable to service within certain limited areas, generally, a Telegraph Division, now called a Circle, specified at the time of recruitment. Members of this Service received a lower scale of pay but free accommodation.

274. The Telegraph Committee of 1920 found that this Local Service was local merely in name and that its members were subject to frequent transfers between the Divisions to meet fluctuations in traffic and other requirements. They recommended that it should be abolished, its members being absorbed, subject to certain condition, in the General Service. In its place, they recommended the creation of a Station Service of Telegraphists, members of which would be liable to service only within the limits of the particular stations for which they volunteered at the time of their entering service. Members of this Service received an even lower scale of pay but the scale was different for different localities. They are not generally entitled to free accommodation.

To anticipate matters, it may be stated at this place that there are Telegraph Masters belonging to each of the three Services and that the remarks offered in the previous paragraphs apply *mutatis mutandis* to their case as well.

275. The numbers of Telegraphists and Telegraph Masters in the General, Local and Station Services as well as the numbers of men recruited as Telegraphists in 1929, who are now available for duty after completing their training are shown in paragraph 161 above. It is noted that the Local Service has almost ceased to exist and that almost the entire signalling establishment now consists, either of the General Service or of Station Service men.

276. The rates of pay for the General Service and for the Station Service are as shown below :—

I. GENERAL SERVICE	.. Rs. 80—5—100—10—250 (with e. b. at Rs. 200).
II. LOCAL SERVICE	.. Rs. 55—5—120—10—180 (with e. b. at Rs. 130).
III. STATION SERVICE.	
A.—*Service.*	
Rangoon	.. Rs. 90—5—180 (with e. b. at Rs. 135).
Calcutta and Bombay ..	.. Rs. 80—5—170 (with e. b. at Rs. 125).
Madras and Karachi	.. Rs. 70—5—160 (with e. b. at Rs. 115).

B.—*Service.*

(*i*) Ahmedabad, Poona and Moulmein ..	Rs. 70—5—160 (with e. b. at Rs. 115).
(*ii*) Allahabad, Agra, Cawnpore, Lucknow and Meerut	Rs. 65—5—155 (with e.b. at Rs. 110).
(*iii*) Cuttack, Muzaffarpur, Ajmer, Indore, Bellary, Cocanada, Cochin, Calicut, Mangalore, Negapatam, Bezwada, Ootacamund, Trichinopoly, Tuticorin and Vizagapatam ..	Rs. 55—5—145 (with e. b. at Rs. 100).
(*iv*) Delhi, Lahore, Peshawar, Rawalpindi and Simla	Rs. 65—5—155 (with e.b. at Rs. 110).
(*v*) Stations other than those mentioned above	Rs. 60—5—150 (with e.b. at Rs. 105).

277. It will be seen that there is a considerable difference in the cost to the Department between the General Service Telegraphists and their Station Service brethren. It has been stated to us that there is no difference in the training or efficiency of the two classes of Telegraphists and that the quality and quantity of work expected of both are identical. The difference in the emoluments of the two is thus due to the liability of the General Service Telegraphists to transfers at short notice over all parts of the country. The necessity of these transfers was the governing factor in the conditions of service of the signalling establishment when there was a large number of departmental telegraph offices some of which employed comparatively a small number of Telegraphists. With the steady decrease in the number of such offices, this necessity has decreased in its urgency and various statistics of transfers that have been produced before us show conclusively that the number of occasions on which Telegraphists are transferred is not sufficient to justify the maintenance of such a large proportion of transferable establishment. The statistics also show that the frequency of transfers within the same circle is greater than that of transfers between circles. Thus the average number of transfers within the same circle in a year has been reported to be 622 while that of transfers between circles is 416. The average total strength of staff inclusive of Telegraphists, Telegraph Masters and Deputy Superintendents attached to departmental offices was 3,031. In other words, the total number of transfers constitutes a percentage of 34·2 of the total staff. The percentage of transfers within the circle to the total staff was 20·5 while that of transfers between circles was 13·7. We have been told that, generally speaking, transfers within the circles are necessary to meet fluctuations in traffic and to replace men going off duty for one reason or another. On the other hand, transfers from and to other circles are generally necessitated in connection with various occasions and public events which are expected to lead to a very large temporary increase in traffic such as the occurrence of a fair or the sittings of a conference.

278. We think that the maintenance of the General Service of Telegraphists is no longer required. The needs of the Department will be fully met if the present two classes of Station and General Service Telegraphists and Telegraph Masters are replaced throughout by Telegraphists enrolled on the condition that they will be ordinarily liable to transfer only within the circle

to which they are attached, but may temporarily have to go to any place outside their circles to meet any sudden requirements that may arise. We do not think these conditions can be regarded as onerous or unusual. As it is, postal clerks are liable to transfer within their divisions and after a certain, stage within their circles. Again, Engineering Supervisors and officers of corresponding status in the Engineering Branch are, we understand, liable to transfer not only within their own circles but throughout India and Burma.

279. In fixing the scale of pay for the proposed Circle Service of Telegraphists, attention has to be given to another aspect of the case. We understand that the development of new methods of working telegraph traffic that may be expected within the next few years, will enable a great deal of signalling which is now done by hand being transferred to key board perforators for which men of the typists class will be suitable. In other words, there will not be the same good reasons for the present large disparity in the scale of pay of Telegraphists and Clerks. On the other hand, due regard has to be paid, in assessing the pay, to the technical training which a Telegraphist is expected to possess.

280. The scales of pay, sanctioned at present for Station Service Telegraphists and given in paragraph 276 serve as a suitable guide in the matter. For the reasons which have led us to propose, for the clerical cadre of the Department, a scale of pay lower than that sanctioned at present, we would have recommended a somewhat lower scale of pay for the Station Service Telegraphists but we refrain from doing so as we propose an entire change in the conditions of service of Telegraphists. Under our proposals, every Telegraphist recruited in the future, will be ordinarily liable to transfer within the circle, and may occasionally have to be called upon to proceed for short periods outside the circle to meet emergencies.

281. Taking all the considerations into account, we are of opinion that Telegraphists of the proposed Circle Service should receive a basic pay of Rs. 55—5—145 *plus* a compensatory allowance to meet the extra cost of living and other conditions in various localities and areas. This compensatory allowance should comprise fixed amounts as shown below, as well as special locality allowances on the basis of allowances that may be granted to employees of local Governments of corresponding status :—

	Rs. (per mensem).
(*i*) Rangoon	30
(*ii*) Bombay, Calcutta, Aden, Quetta and Baluchistan	20
(*iii*) Karachi, stations on the Persian Gulf and the Mekran Coast and in Burma excepting Rangoon.	15
(*iv*) Poona, Ahmedabad, Delhi, Lahore and Madras	10
(*v*) Amritsar, Rawalpindi, Peshawar, Agra, Cawnpore, Lucknow, Meerut, Allahabad, Benares, Hyderabad (Deccan), Abbottabad and Simla.	7

When sent temporarily to places outside their circles to meet sudden requirements Telegraphists should receive travelling and halting allowances of suitable amounts.

282. We have already said that Telegraphists of the General and Local Services are entitled to free furnished accommodation at the expense of the State. We consider that with the change in the conditions of service this

concession should be withdrawn and Telegraphists should be brought under the rules for the grant of quarters or house rent in lieu recommended by us in Part II of this report. The annual saving is estimated at Rs. 19,45,000.

Telegraph Masters.

283. Telegraph Masters are recruited by the promotion of Telegraphists, and like them, may belong to one of the three services,—General, Local and Station. For the reasons stated when dealing with the case of Telegraphists, the present organisation should be abolished and all Telegraph Masters should belong to a service, members of which will be ordinarily liable to transfer only within their own circles but may be called upon to proceed outside the circles to meet emergencies. They should be remunerated on a basic pay of Rs. 170—10—220 applicable throughout India and Burma. In addition, they should receive a compensatory allowance in special localities and particular areas, based on the compensatory allowance granted by local Government to their staff of corresponding status and pay, if Telegraph Masters are entitled to such compensatory allowances at present. When stationed in Calcutta, Bombay, Madras, Rangoon, or Karachi, their compensatory allowance should be increased by Rs. 20. The annual saving is estimated at Rs. 5,87,000.

D.—*Engineering subordinates.*

Engineering Supervisors, General, Telephone, and Electrical.

284. The Engineering Supervisors are technically trained employees of the Engineering Branch of the Department and are recruited partly by promotion of selected employees of the Department and partly from the open market. After recruitment they receive a very complete and thorough technical training at Alipore in Calcutta. They are in charge, generally speaking, of the lines and wires, apparatus and plant, of the entire Telegraph and Telephone Branches. They are borne on an All-India cadre and receive one basic scale of pay throughout.

285. The rules for recruitment and the scales of pay were revised in 1928. The present scales of pay are as follows :—

(1) " Old recruits " which term includes departmental Telegraphists who were in service on the 18th April 1927, and who would be eligible for promotion to the rank of Engineering Supervisors, are on such promotion brought on to the old scale of pay, *viz.*, Rs. 80—5—100—10—250—20—350 and get a special pay of Rs. 40 subject to a maximum of pay and special pay of Rs. 350.

(2) Those who entered the Department after the 18th April 1927 are brought on to the revised scale of pay of Rs. 120—5—140—10—290—20—350.

We confine our attention and recommendations to future recruits to the Department and propose the following scale of pay :—

Rs. 110—5—140—10—280—20—300.

Line Inspectors.

286. Line Inspectors are above Line Sub-Inspectors and are outdoor staff and we would deal with their case on parallel lines. The accompanying table summarizes our proposals in respect of these :—

	Present.		Proposed.	
	Scale of pay. Rs.	Average cost. Rs.	Scale of pay. Rs.	Average cost. Rs.
Burma	125—5—150	143	115—5—140	133
Bengal and Assam, Bombay, and Sind and Baluchistan Circles.	115—5—140	133	105—5—130	124
Rest of India	110—5—135	127	100—5—125	106

Line Sub-Inspectors.

287. Line Sub-Inspectors are outdoor staff employed in the Telegraph Engineering Branch and come next in rank above Linemen. There are 535 of these employees serving all over India and Burma, and they are remunerated on three basic scales of pay applicable in various localities to suit local conditions. We are of opinion that the present system of having different basic scales of pay for this class of employees should be continued and our proposals are summarised in the following table :—

	Present.		Proposed.	
	Scale of pay. Rs.	Average cost. Rs.	Scale of pay. Rs.	Average cost. Rs.
Burma	50—5—120	86	50—4—110	85
Bengal and Assam and Bombay Circles.	40—5—110	77	40—4—100	75
Rest of India	35—5—105	72	35—4—95	70

Linemen, Lineriders, etc.

288. Linemen and Lineriders are employed in the Telegraph Engineering Branch on the maintenance and erection of telegraph and telephone equipment chiefly lines and wires. They are outdoor employees with a certain amount of technical knowledge and experience gathered in the course of their duties. In status and pay, they correspond very nearly to postmen in the Postal Branch. Their rates of pay and allowances which were last re-organised with effect from the 1st May 1928 in letter No. 11-P. T. E., dated the 14th August 1928, from the Government of India in the Department of Industries and Labour are shown in the attached statement. In addition there is a provision that " linemen and lineriders whose scale of pay falls short of that of local postmen, are given compensatory allowance to make up the difference in the minimum and the maximum between their scale and that of the local postmen."

The nature of the duties entrusted to Linemen and Lineriders are very arduous and may in certain circumstances involve serious danger to life and limb. In view of these considerations, we are of opinion that no reduction should be made in the scales of pay admissible to them, but in view of our having recommended reduced scales of pay for postmen the special provision quoted at the end of the previous paragraph will in some cases lead to a small reduction in the case of individual linemen.

Scales of pay and compensatory allowances at present in force for Linemen and Lineriders.

	Pay.	Compensatory allowance.
	Rs.	Rs.
(1) *Bombay Circle—*		
(*a*) Bombay City and its vicinity*	20—1—40	10
(*b*) Poona and Ahmedabad	20—1—40	10
(*c*) All other places	20—1—40	..
(2) *Central Circle—*		
(*a*) Nagpur and Jubbulpore	18—1—38	2
(*b*) All other places	18—1—38	..
(3) *United Provinces Engineering Circle—*		
(*a*) Allahabad, Agra, Cawnpore and Lucknow	18—1—38	5
(*b*) Benares, Patna and Ranchi	18—1—38	2
(*c*) All other places	18—1—38	..
(4) *Burma Circle—*		
(*a*) Rangoon	25—1—45	5
(*b*) All other places	25—1—45	..
(5) *Northern Engineering Circle—*		
(*a*) Lahore, Delhi, Peshawar, Rawalpindi, Amritsar, Simla and Meerut	18—1—38	5
(*b*) Ambala	18—1—38	2
(*c*) All other places	18—1—38	..
(6) *Madras Circle—*		
(*a*) Madras City	18—1—38	5
(*b*) Madura, Bangalore, Hyderabad (Deccan) and Dhanushkodi	18—1—38	2
(*c*) All other places	18—1—38	..
(7) *Eastern Engineering Circle—*		
(*a*) Calcutta, Alipore and Howrah	20—1—40	5
(*b*) All other places falling within Bengal and Assam Postal Circle	20—1—40	..
(*c*) Places falling within Bihar and Orissa Postal Circle	18—1—38	..
(8) *Sind and Baluchistan Circle—*		
(*a*) All places in Baluchistan and Karachi	20—1—40	10
(*b*) All other places	20—1—40	..

*The places in the vicinity of Bombay include Andheri, Bassein, Bassein Road, Bhayndar, Borivli, Malad, Santa Cruz, Ville Parle, Virar, Vesava, Gorai, Rai, Thana, Chembur, Dombivli, Ghat Kopar, Kalyan, Kurla and Trombay.

Savings.

289. The ultimate estimated annual savings come to : —

	Rs.
Engineering supervisors	80,000
Line Inspectors	6,000
Sub-Inspectors	11,000
Total ..	97,000

290. Grand summary of savings in this chapter :—

Para.		Rs.
267	Staff on clerical rates of pay	68,00,000
270	Postmen, Village Postmen, etc.	7,37,000
282 283	Traffic subordinates	25,32,000
290	Engineering subordinates	97,000
	Total ..	1,01,66,000

CHAPTER XVII.

INFERIOR ESTABLISHMENTS.

Jemadars and allied classes, e.g., *Jemadars, Hall Jemadars, Habildars, etc.*

291. The employees of this class are paid on time-scales the minima and the maxima varying according to the different localities. For the reasons stated in connection with postmen we would continue the present system of having different basic scales of pay to suit local conditions, etc., and the following table compares their present and proposed scales of pay.

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
40	40 0 0	36	36 0 0
30—1—35	34 0 0	27—1—30	29 8 0
27—1—32	31 0 0	24—1—29	27 12 0
25—1—30	28 15 0	22—1—27	25 12 0
23—1—28	26 14 0	21—1—25	24 2 0
22—1—27	25 14 0	20—1—24	23 2 0
21—1—26	25 0 0	19—1—23	22 2 0
20—1—25	24 2 0	18—1—22	21 2 0
19—1—24	22 12 0	17—1—21	20 2 0

Duftries and allied classes.

292. This class includes Form suppliers, Markers, Record lifters, Duftries, etc. There are 156 employees in this class and there are six different scales of pay to suit local conditions. The table below gives the present and proposed scales of pay and compares the average cost of the two :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
30—1—40	37 1 0	27—1—36	33 9 0
20—1—40	30 8 0	18—1—36	28 11 0
25—1—35	32 0 0	22—1—32	29 2 0
20—1—30	26 14 0	18—1—27	24 10 0
20—½—25	23 10 0	18—½—22	21 0 0
15—1—35	25 8 0	13—1—31	22 10 0

Runners.

293. There are 14,813 employees in this class remunerated on a time scale of which the minima and maxima are different while the rate of increment is the same, namely Rs. 0—4—0 per year. The work of Runners is of an extremely arduous and hazardous nature and exposes them to serious danger of life from man and beast. They have to traverse on foot many lines passing through inhospitable country. They have also to shoulder large responsibilities as quite often the mails that they have to carry include valuables.

In view of these considerations we think that the scales of pay which are shown below should remain unaltered :—

Rs. 17—0-4-0—22
Rs. 15—0-4-0—20
Rs. 14—0-4-0—19
Rs. 13—0-4-0—18

Taskwork peons.

294. These employees are attached to various departmental and combined telegraph offices and are in receipt of a small basic rate of pay *plus* a wage not exceeding 5 pies per telegram delivered. Their basic pay is in the nature of a retaining pay or subsistence allowance and we do not consider that the scales of pay which are as shown below are capable of being reduced. We think however that the rate of remunerating for delivery of telegraph messages should be capable of reduction and we suggest that Heads of Circles should be asked to take steps to reduce the delivery wage by an amount not exceeding 10 per cent.

Scales of pay.

Rs. 11—0-4-0—16
Rs. 10—0-4-0—15
Rs. 9—0-4-0—14
Rs. 8—0-4-0—13

Boy Messengers.

295. We have dealt with the case of these Boy Messengers on lines similar to those of other inferior servants, *i.e.*, in view of labour conditions and the class of men required it is not desirable to substitute a uniform basic scale of pay for the whole of India for the present system under which there are 8 scales of pay applicable to different localities. The table below shows the present and proposed scales of pay and their cost :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
18—1/3—20	19 11 0	16—1/3—18	17 11 0
15—1/3—17	16 11 0	13—1/3—15	14 11 0
13—1/3—15	14 11 0	12—1/3—14	13 11 0
12—1/3—14	13 11 0	11—1/3—13	12 11 0
11—1/3—13	12 11 0	10—1/3—12	11 11 0
10—1/3—12	11 11 0	9—1/3—11	10 11 0
9—1/3—11	10 11 0	9—1/3—10	9 15 0
8—1/3—10	9 11 0	8—1/3—9	8 15 0

Other inferior servants.

296. This is a miscellaneous class of employees including Delivery Peons, Chowkidars, Hamals, Durwans, Office Peons, Farashes, Mail and Van peons,

Packers, Porters, Boatmen, Tindals, etc. Daffadars in Director-General's Office, Sweepers, Bhistis and Methors, etc. This class includes 17,369 employees and is in receipt either of fixed pay or of various time-scales varying in accordance with local and other conditions. The present and proposed scales of pay and their average costs are given below :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
25—½—30	28 2 0	22—½—27	25 5 0
22—½—27	25 11 0	20—½—24	23 2 0
20—½—25	23 10 0	18—½—22	21 2 0
18—½—23	21 10 0	16—½—21	19 10 0
17—½—22	20 11 0	15—½—20	18 11 0
16—½—21	19 11 0	14—½—19	17 11 0
15—½—20	18 10 0	13—½—17	16 2 0
14—½—19	17 10 0	13—½—17	16 2 0
14—1/5—16	15 6 0	13—1/5—14	13 13 0
17—1—22	20 5 0	15—1—20	18 5 0
15	15	13	13
21	21	19	19
15—¼—20	17 9 0	13—¼—18	16 11 0

Mechanics, Mistries, Engine Drivers, Carpenters, etc.

297. There are 220 men employed in this group and they are remunerated on a varied assortment of scales. The scales of pay are broadly divisible into two groups those which have been recently revised and those which have not. For the former group, the existing and proposed scales of pay are summarised below :—

Present.		Proposed.	
Scale of pay.	Average cost.	Scale of pay.	Average cost.
Rs.	Rs. a. p.	Rs.	Rs. a. p.
120—5—145	138 12 0	108—5—133	127 4 0
70—5—140	115 9 0	65—5—125	103 0 0
60—5—130	102 6 0	55—5—115	93 0 0
50—6—110—5—130	100 1 0	45—5—120	88 12 0
50—5—120	85 15 0	45—5—110	85 1 0
45—5—115	90 9 0	40—5—105	80 1 0

The second group consists of Assistant Mistries and Motor Lorry Drivers. The present rates of pay have remained unrevised and we recommend that they should continue. They are as follows :—

Rs. 30—2—50	Assistant Mistries.
Rs. 30—2—40	Motor Car and Motor Lorry Drivers and Motor Engine Drivers.
Rs. 50—3—80	
Rs. 80—3—110	
Rs. 85 (fixed, temporary)	
Rs. 45 (fixed, temporary) ..	
Rs. 61 (fixed temporary	

298. The ultimate estimated annual savings come to :—

Para.				Rs.	
291	Jemadars and allied classes	..	..	6,800	
292	Duftries and allied classes	..	..	5,300	
295	Boy messengers..	..	..	11,000	
296	Other Inferior servants ..	..	..	4,40,000	
297	Mechanics, mistries, etc. ..	..	..		24,000
		Total	..	4,87,100	

CHAPTER XVIII.

Conclusions and Recommendations.

I.

299. As shown in Chapter XII of this report the immediate saving including 'cuts' in pay of existing staff expected from our recommendations amounts to—

	Rs.
(*i*) Cuts in pay of existing staff	50,00,000
(*ii*) Savings from posts abolished or from reduction of pay ..	11,33,300
(*iii*) Contingent and other expenditure	5,07,000
	66,40,300
Pensionary contribution on (*i*) and (*ii*) at 8·2 per cent. ..	5,02,603
	71,42,903

II.

The ultimate savings from the economies recommended in Part II of the report excluding cuts in pay are—

	Rs.
(*i*) Savings from posts abolished or from reduction of pay ..	38,29,300
(*ii*) Contingent and other expenditure	5,07,000
	43,36,300
(*iii*) Pensionary contribution on (*i*) at 8·2 per cent. ..	3,13,675
	46,49,975

III.

We now summarise the total *ultimate* savings to be expected on the basis of the *existing strength of the staff employed in the Department*, by a revision of the scales of pay applicable to them. We would add, however, that the amounts shown below are not cumulative in all cases with those shown under II above.

Chapter.	Class of employees.	Ultimate annual savings.
		Rs.
XIV ..	Higher gazetted officers	1,15,500
XV ..	Other gazetted officers	4,49,400
XVI ..	Subordinate staff	1,01,66,000
XVII ..	Inferior staff	4,87,100
	Total ..	1,12,18,000
	Consequential saving on pensionary contribution at 8·2 per cent. of pay	9,21,000
	Total ..	1,21,39,000

300. The estimates of savings given in this Chapter as well as in Chapter XII are the best that we could make in the short time available to us. It was also not possible for us to get our conclusions checked by the Accountant General, Posts and Telegraphs, as we would otherwise like to have done. The files containing our calculations will be submitted separately for record and reference.

Acknowledgments.

301. It now remains for us to express our thanks to the various Departments of the Government of India, to the officers at the headquarters of the Posts and Telegraphs Department and those attached to the office of the Postmaster-General, Bombay, for all the help that they extended to us throughout our enquiries. We would also like to thank the various witnesses including representatives of Associations who submitted suggestions or supplied information either of their own accord or in reply to our questionnaires.

302. We have to note our appreciation of the work of the limited staff placed at our disposal, who made up for this limitation by putting in long hours on Sundays, week days, and also holidays. Although this is a report on retrenchment, we have to express the hope that their services will be appreciated by Government.

303. Finally, it gives us special pleasure to acknowledge our indebtedness to our Secretary, Mr. S. P. Varma, Officiating Financial Adviser, Posts and Telegraphs, for the very valuable assistance he has given us, even before the first formal sitting of the Committee in Bombay. We can safety assert, that had it not been for his initiative, intimate knowledge of the Department and his remarkable capacity for long hours of work, we should not have been able to get out this report, with the mass of details that it contains, within the limited time available to us. We therefore consider that he deserves our sincere thanks, more especially as he has had to perform this onerous work in addition to his own duties.

COWASJI JEHANGIR (Junior), *Chairman.*

B. K. BASU.
AMAR NATH DUTT.
F. C. ANNESLEY.
N. V. RAGHAVAN.
MOHD. YAMIN KHAN.
} *Members.*

Simla, the 27th September 1931.
Simla, the 7th October 1931.

S. P. VARMA,
Secretary.

PART IV.

Notes by Members and Appendices.

A.—Concession on Multiple Press telegrams.

I want to draw attention to the special concession now given to the Press in respect of Inland Multiple Press messages which, though addressed to several places, are charged for as a single message whether all the addresses are in the same town or not, a copying fee of only 4 annas per hundred chargeable words *plus* 4 annas for the excess being charged for each destination after the first. I am of opinion that as in the case of private multiple telegrams, so in the case of Press Multiple telegrams, the concession should be limited to messages delivered at two or more addresses in the same free delivery area of a telegraph office. This matter, I know, falls outside our terms of reference; but I wish to place my views on record as this concession is very unusual and cannot be justified if for no other reason than that the large body of newspapers for whose benefit Press concessions are intended do not require the kind of concession now allowed in respect of Multiple Press telegrams. It is a concession enenjoyed in practice only by one or two institutions and I fear that this certainly gives rise to the impression that this concession has been devised solely in their interest. If the multiple message concession is removed a rough estimate of the increase in revenue is Rs. 4 lakhs. I would also like to add that this question should be treated as coming under that portion of our work which may be described as reorganisation.

B. K. BASU,—27-9-31.

I agree with Mr. Basu's views.

AMAR NATH DUTT,—27-9-31.

B.—Recruitment of I. C. S. Officers for the Posts and Telegraphs Department.

It will be seen from Chapter XIV that at present I. C. S. officers when holding certain appointments get more pay than others. For example, an I. C. S. Senior Deputy Director-General gets Rs. 3,000 instead of Rs. 2,750—125—3,000. Similarly, the pay of I. C. S. Postmaster General is Rs. 2,250—100—2,750 against Rs. 2,000—100—2,500 drawn by others.

We think that there is no justification for such differential treatment in the case of such appointments. In the Audit and Accounts Service, for example, I. C. S. and non-I. C. S. Accountants General draw the same rate of pay.

In the case of existing incumbents, it may perhaps be difficult to do away with the difference. We recognise it and do not press the point.

As regards the future, however, we are emphatically of opinion that the further import of I. C. S. officers into the Posts and Telegraphs Department should be stopped altogether for a long time to come. More than one officer of the Department, in the course of the oral or written evidence, complained against the deadening effect of promotion by seniority, as against merit, to appointments in the administrative grades, which seem to have been pursued

as a regular policy. We feel that this complaint is well founded. An inevitable result is that really able officers of the Department lose heart and the Department itself gets somewhat discredited through the administrative officers who are not all picked men. To remedy this defect outsiders, in the shape of I. C. S. officers, are brought in, still further blocking the promotion of deserving departmental men with long experience. This double injury cannot but have a serious effect on the morale of the Department.

We are convinced that there *is* good material in the Posts and Telegraphs Department and that it must be given a chance to show what it can do. Unless such a chance is given, no amount of careful recruiting from outside can remove the effect of root evil. We feel therefore that the time has come to give the Department a real chance to show its worth.

One great advantage with which an I. C. S. officer starts in any specialised Department to which he may be sent, is his comparative youth. This can however be secured by strict selection according to merit so that deserving officers may be caught up young and promoted early to places where they can combine energy and experience. Ripe wisdom without energy cannot achieve much and if the departmental officer is promoted very late it is no blame to him that he cannot make himself felt. The present state of affairs in the Department is, we think, entirely due to the wrong policy—if it can be called by the name—of routine promotion by strict seniority.

We are not sure by any means that the presence in the past of the I. C. S. element in the Department, has guaranteed efficiency of administration.

N. V. RAGHAVAN,—26-9-31.
AMAR NATH DUTT,—26-9-31.
B. K. BASU,—26-9-31.

C.—Note by Mr. Amar Nath Dutt.

At the outset I have to observe with reference to the terms of reference that I have not been able to understand what the Government really mean by the words " vested interests " far less that any " vested interests " can stand in the way of any desirable measure of economy.

As regards the note prepared by our colleagues—Messrs. Annesley and Raghavan—about the Alipore Workshops I can only say that I had not the advantage of the guidance of the Chief Engineer during my visit to the Alipore Workshops; nor did I visit the factories at Cossipore and Ishapore. I undertook the visit to Alipore Workshops alone and if I had any idea that two other members will also be asked to visit the same I would have preferred to go with them to reap the advantage of expert guidance. To me at least the visit to the Alipore Workshops has been of no help and I cannot subscribe to the views as my own.

I was absent when the representatives of the Postal Officers Union were examined, as the same was held when the Assembly was sitting. I protested against holding any sittings during Assembly hours. So I had not the same advantage to form my conclusions as others who could attend.

As regards the closing of unremunerative post offices, I am emphatically of opinion that no post office should be closed which does not show a loss of Rs. 120 or more a year.

I am not prepared to hold that the post of Financial Adviser is necessary merely in the light of the views of the Departments of Finance and Industries and Labour, unless I have an opportunity of closely examining the matter personally.

I do not agree that graduates should not have higher starting pay. This will not ordinarily attract graduates to the clerical service of the Postal Department. In my opinion to attract men of the right type for higher posts, graduates should have better facilities than under-graduates and they should be given a starting pay of Rs. 60 at least.

In this interim report I am not prepared to pronounce in favour of time-scale of pay as compared with graded pay, unless I have more materials to show that the time scale has not stood in the way of efficiency.

I think also that the post of Publicity Officer is not justified.

One of the facts that has struck me was that Postmasters even of higher grades had to begin from the lower rungs of the ladder. This system was introduced by the Heseltine Committee which I do not think has brought about efficiency or economy.

I also wish to make it clear that I have signed the report and I agree with the conclusions subject to this minute of dissent, on the materials that were available, which did not appear to me to be exhaustive and I may have to revise my opinion in the light of more exhaustive materials which I hope to get.

AMAR NATH DUTT,—27-9-31.

D.—Note by Mr. Mohamad Yamin Khan.

1. I do not agree with the recommendation of the Committee that the lower grade clerks in the Department should be 33 per cent. When the qualifications of the lower grade clerks are to be Matriculation for direct recruitment which is the standard at present for all clerks, I am of opinion that 50 per cent. should be in the lower grade and 50 per cent. in the higher grade.

2. Recruitment should be made for the lower grade from amongst the Postmen as well as direct, say, half and half.

3. The higher grade clerks should be recruited half from those lower grade clerks who have been directly recruited and those postmen clerks who have passed Matriculation or equivalent examination; the rest be recruited direct.

4. We had no opportunity to discuss the future scales of pay of the gazetted officers and I think it was not a proper subject for interim report. I do not agree with the conclusions of the Committee as I had no opportunity to discuss and was not even informed that such a subject was going to be discussed during the Assembly Session and during the hours when Assembly was sitting. I think we must discuss it again.

5. We should also go carefully into the question of Lee Concessions and not make a report without due consideration.

MOHD. YAMIN KHAN,—7-10-31.

APPENDIX I.

List of possible economies awaiting investigation.

(1) *Capital outlay of the Department.*—The rate of growth during recent years to be scrutinised.

(2) *Lapse of budget grant at the end of a year.*—It is complained that the automatic lapse of a grant results in the hurrying of expenditure and consequent extravagance.

(3) *Budget Section of the Director-General's Office.*—The reorganisation of the Section requires scrutiny with a view to retrenchment.

(4) *Rent paid by the Department for hiring buildings for its offices.*—It has been pointed out by one of the Service Associations that in many cases, rents have been put up by landlords.

(5) *Scope of Audit inspection of departmental offices.*—Since all offices are inspected by departmental officers also, it is possible that there is some overlapping of inspections by two agencies and consequent extravagance.

(6) *Compulsory insurance for departmental employees.*—To meet cases of extreme hardship of families of deceased employees left in indigent circumstances, the Department has a budget provision (Rs. 25,000) for payment of compassionate pension or gratuity. It is for consideration why the departmental rules should not insist on employees insuring their lives in the Post Office Insurance Fund.

(7) *Subsidies for motor mail service.*—The Department spends something over Rs. 23 lakhs on such subsidies. There ought to be some room here for economy.

(8) *Leave and acting allowance rules.*—The present rules appear to be extraordinarily liberal and require careful scrutiny.

(9) *Loss on Telephones.*—Though the Telephone Branch shows a small profit, the result will be a loss if the royalty paid by private Companies is excluded. This compares unfavourably with the activity of private Companies which show a profit. This state of affairs requires special scrutiny.

(10) *Rent for the Director-General's Office in the Imperial Secretariat, New Delhi.*—It appears that Rs. 1,30,000 a year is paid to the Government of India, Public Works Department. The amount is doubtless based on the floor area occupied by the office. The rent appears excessive for a single office and the question requires strict scrutiny.

(11) *Disproportionately large number of clerks in the Audit Office for doing work which is attended to by a less number of men in departmental offices.*—It has been said by some one that in the Calcutta Audit Office there are 26 clerks attending to Savings Bank work against 10 men in the Calcutta General Post Office. If this is true the general question requires investigation.

(12) *Separate Revenue and Telegraph Stamps.*—The present arrangement of having one stamp for postal, revenue and telegraph purposes throws extra work and expenditure on the Department in computing each share and should be revised if possible.

(13) *Further reduction in the number of Superintendents of Telegraph Traffic and reduction in the number of Deputy Superintendents, Traffic.*

(14) *Rent for the accommodation in Ballard Pier for foreign mail sorting.*—Rents have come down in Bombay.

(15) *Leave reserve for clerks, etc.*—The whole question requires consideration. A subsidiary point is, should there not be a separate reserve for postal signallers. A case was reported in Madras, where for want of a substitute a combined office could not send telegrams.

(16) *Testing rooms in the New Delhi Signal Office.*—The testing room in Agra was condemned as a needless luxury. Is the present arrangement in New Delhi really economical or not.

(17) *Railway Mail Service offices.*—Questions like the following have been raised. Why are Headquarters Inspectors necessary ? What work is done by Head Sorters and Sorting Inspectors ? Are both necessary ? etc.

(18) *Retirement of officers at 55 or even earlier on completion of service for pension.*—To absorb excess or effect economy by substitution of cheaper agency.

(19) *Charges for coolies accompanying postmen during delivery.*—It has been suggested that there is some extravagance here.

(20) *Substitution of Overseers for Inspectors for inspecting branch offices.*—An important witness suggested this as a possible means of economy. It deserves to be scrutinised.

(21) *Unified cadre for Engineering, Baudot, Electrical, etc., Supervisors.*—The existence of separate grades like this necessarily results in extra expenditure, if at least on travelling allowance.

(22) *The necessity of two departmental offices in Delhi.*—It seems hardly necessary to have two offices within a distance of 5 miles of each other.

(23) *The posssibility of employing cheaper coolies through contractor instead of*—

(*a*) Permanent departmental porters at railway junctions for shifting mails between trains.

(*b*) Boy messengers, etc., for delivery of messages or sending them from non-departmental offices to Central Telegraph Offices.

(24) *Getting Electric Companies to charge Government offices at privileged rates as for large consumers.*—At present several Government offices at the same place pay separately at retail rates.

(25) *Substitution of Markers by Clerks.*—Markers to help Baudot Signallers are at present Telegraphists. It seems possible to substitute clerks to a large extent. Teletype instruments may be introduced gradually and do away with the necessity of Markers. In the meantime it appears necessary to scrutinise the point as a measure of immediate economy.

(26) *Accommodation for the offices of Superintendents of Post Offices.*—It has been suggested that some economy is possible if the offices of Superintendents of Post Offices and Inspectors are located in Post Office buildings instead of separately in hired buildings.

(27) *Appointments of Head Assistants.*—It appears that Circle Offices have an appointment of Head Assistant. The necessity for this requires to be scrutinised.

(28) *Pay of City and Town Inspectors.*—City and Town Inspectors of Post Offices draw pay in the Lower Selection Grade whereas Inspectors attached to Second Class Post Offices get time scale pay *plus* an extra allowance. It is for consideration whether the former should draw a higher scale of pay.

(29) *Costly office fittings in the Telegraph Office Testing room.*—Reference has been made in one place to the costly office fittings in the Telegraph Office Testing room which had to be abandoned. It is necessary to pursue the matter to find out how the mistake came to be made and how a recurrence of such costly errors can be prevented.

(30) *Overhead charges in connection with the printing and supply of stamps to the Posts and Telegraphs Department.*—It would appear that the Department is paying Rs. 8,000 a year more than what it costs to maintain a separate stock Depot in Calcutta.

(31) Reduction in the number of divisions and sub-divisions in the Engineering Branch.

(32) Reduction in the staff of the Wireless Branch in the Director General's office and in the Wireless Research and Experimental division at Calcutta.

(33) Substitution of clerks for Telegraph Masters on non-technical work.

APPENDIX II.

Hours of Mails and Mail Deliveries in important Post Offices.

Bengal and Assam Circle.

Serial No.	Name of Offices.	Hours of receipt of mails.	Total No.	Hours of delivery.	Total No.	Hours of clearance of Letter boxes.	Total No.
1	Alipore ..	7-30, 9-0, 12-40, 14-40, 16-40, 18-0.	6	8-0, 10-30, 11-0, 12-0, 14-0, 15-0 17-30.	7	8-0, 9-45, 11-0, 13-15, 15-15, 17-0, 17-50, 20-15, 6-20.—*Saturdays only.*	8
2	Shillong ..	10-40, 11-15, 12-50, 17-0	4	8-0, 12-30, 16-30	3	6-15, 6-30, 12-30, 13-45	4
3	Chittagong	6-50, 8-50, 11-0, 12-5, 12-15, 14-0, 14-30L, 16-30, 17-10, 17-30L.	10	8-0, 10-0, 16-0..	3	7-0, 7-30, 8-0, 15-15, 18-10.	5
4	Mymensingh	6-0, 13-0, 14-0, 15-22 ..	4	7-30, 8-0, 16-0..	3	7-30, 9-45, 11-0, 13-0, 15-15, 16-15, 17-25.	7
5	Darjeeling	9-50, 10-20L, 12-33, 13-30L, 13-40L, 13-50L, 14-26L, 16-0L, 16-10L, 16-25L.	10	10-30, 13-40, 16-30	3	10-15, 12-15, 14-0, 16-30	4
6	Dacca ..	5-30, 6-0, 8-30, 10-0, 12-30, 14-5, 15-35, 16-45, 17-0.	9	7-30, 12-0, 16-0	3	6-30, 7-0, 10-30, 11-30, 13-45, 15-30, 17-0, 17-30, 18-0.	9
7	Howrah ..	6-25, 6-30, 7-30, 7-40, 7-54, 9-30, 9-32, 11-14, 11-24, 11-45, 12-30, 13-30L, 13-5+L, 15-30-L, 16-0- 16-30, 16-54, 17-0, 17-12, 17-24, 17-30, 17-54, 18-0, 18-30, 21-24.	25	7-0, 9-0, 10-0, 14-0, 17-30.	5	6-0, 7-15, 7-24, 11-24, 13-0, 14-24, 15-0, 15-30, 16-10, 18-30.	10
8	Calcutta ..	6-9, 6-19, 6-50, 7-24, 7-40, 8-0, 8-4, 8-5, 11-25, 11-50, 13-45, 18-30, 19-54, 20-10, 22-10.	15	7-0, 8-0, 9-0, 10, 11, 11-30, 12-0, 13-0, 15-30, 17-0, 19-0.	10	4-0, 7-0, 9-0, 11-0, 13-0 14-0, 15-0, 16-0, 17-0, 18-0, 19-0.	11
		Bihar and Orissa Circle.					
1	Patna ..	5-30, 6-0, 8-0, 9-30, 10-0, 11-0, 15-0, 17-0.	8	8-0, 9-0 (*a*), 14-0 (*b*).	3	7-30, 9-15, 11-45, 13-45, 16-15, 17-5, 18-0.	7

L = Local.

(*a*) Regd. articles, m. os. and unpaid letters.

(*b*) On Air Mail days at 14-32.

Bombay Circle.

Serial No.	Name of Offices.	Hours of receipt of mails.	Total No.	Hours of delivery.	Total No.	Hours of clearance of Letter boxes.	Total No.
1	Bombay ..	6-0, 6-30, 6-55, 7-0, 7-15, 7-20, 7-30, 7-45, 8-30, 8-45, 8-50L, 8-55, 9-0L, 9-15, 9-55, 10-0,* 11-0* 11-30L, 12-10, 12-20L, 13-0, 14-0, 14-45L, 14-50, 14-55, 15-20L, 16-0L, 16-15,* 16-20L, 16-50L, 17-25L, 17-30L, 17-40L, 17-45L, 17-55, 18-0L, 18-30, 18-40,* 19-40L, 20-0, 20-10, 20-15, 20-20L, 23-30L.	44 including 4 on Foreign Mail days.	8-0, 11-0, 13-0, 15-30, 18-0.	5	6-0, 10-0, 11-0, 13-0, 15-30, 17-0, 18-0, 18-45.	8
2	Poona ..	4-0, 6-45, 6-50L, 6-55L, 7-0, 7-15L, 7-30, 8-15L, 9-0, 9-45L, 9-50L, 11-45, 13-15L, 13-30, 13-45L, 14-0, 14-45L, 15-0L, 15-15L, 15-30L, 15-45, 17-30, 18-0, 18-30, 18-45L.	25	7-0, 10-0, 14-0, 15-30.	4	4-0, 6-0, 7-0, 7-30, 9-30, 12-30, 13-30, 15-0, 19-0.	9
3	Ahmedabad	5-0, 6-10, 7-5, 9-10, 9-50 L, 13-10.	6	8-0, 10-0, 12-15	3	5-25, 10-30, 13-10, 16-30, 17-50, 19-0, 19-30.	7
4	Aden ..	8-0, 8-20, 8-45, 10-0, 10-20, 12-15, 13-30, 15-0, 15-20, 15-45.	10	8-30, 10-30, 15-30	3	7-0, 9-0, 11-0, 14-0 ..	4
		Burma Circle.					
1	Rangoon	6-5, 7-0, 7-30, 7-50, 8-0, 8-15, 8-30, 9-0, 10-0, 10-30, 12-0, 13-25, 13-30, 15-15, 15-30, 16-5, 16-30, 17-0, 17-15, 17-25, 17-30, 17-40. Straits Mails—5 or 6 times a week. C. A. M. S. and Tavoy Mails—Every Monday. English Mails—Every Tuesday. C. A., Akyab and Chittagong, etc., Mails—Every Friday. Tavoy and Mergui Mails—Fortnightly on Wednesday.	22	8-0, 10-0, 10-30 (*b*), 10-0, 14-0 (*a*), 16-30.	6	6-0, 6-40, 7-0, 7-30, 7-50, 8-0, 8-30, 8-40, 9-30, 9-50, 10-0, 10-30, 10-40, 11-45, 12-0, 12-15, 13-0, 13-30, 14-0, 14-30, 15-20, 15-30, 15-45, 16-0, 16-30, 17-30, 18-0.	27
2	Mandalay	6-45, 12-30, 14-10, 17-50, 7-15—Fridays only.	4	8-30, 10-0(*c* 15-0	3	Outside Letter boxes—7-0 to 7-50, 9-30 to 10-20, 11-30 to 12-20, 16-30 to 17-20. Office letter box—6-0, 8-0, 11-30, 13-45, 14-30, 18-0.	4 6

*On Foreign Mail days.
L = Local.
(*a*) Regd. articles and M. Os.
(*b*) Regd. articles.
(*c*) Unpaid articles.

Central Circle.

Serial No.	Name of offices.	Hours of receipt of mails.	Total No.	Hours of delivery.	Total No.	Hours of clearance of Letter boxes.	Total No.
1	Jubbulpore	6-0, 7-0, 8-0, 10-15, 11-0, 13-35, 14-30, 15-30, 16-45.	9	7-30, 10-30, 17-0, 16-0—Window delivery only.	3	6-15, 13-15, 17-30 ..	3
2	Nagpur ..	6-20, 8-15, 9-15, 15-30, 17-15, 18-20.	6	7-15, 10-30, 16-30, 17-30—Window delivery only.	3	6-45, 7-45, 9-45, 13-0, 14-0, 16-15, 17-15, 18-0.	8
		Madras Circle.					
1	Madras ..	6-25, 6-50, 7-30, 7-45, 8-20, 9-25, 15-25.	7	7-45, 9-30, M. Os. only, 10-0, 11-30, 16-35.	5	6-30, 9-15, 12-30, 14-40, 16-10, 17-15, 17-40, 18-40.	8
2	Bangalore	6-0, 6-30, 6-50, 7-30, 8-15, 9-20, 10-20, 12-0, 16-20, 16-50, 17-30, 17-45, 17-50.	13	8-30, 10-30, 17-0	3	6-10, 6-30, 8-15, 8-45, 10-15, 10-45, 16-15, 18-20, 18-45.	9
3	Hyderabad (Deccan).	6-59, 8-15, 8-42, 15-45, 16-34, 16-35, 20-50 22-20.	8	8-0, 10-30, *18-0	3	6-35, 8-20, 10-0, 15-20, 15-30, 18-0.	6
4	Madura ..	6-0, 11-45, 15-50 ..	3	7-30, †8-0, 13-30, *17-0.	4	10-45, 14-30, 18-0 ..	3
5	Dhanushkodi	8-0, 10-0, 17-15 ..	3	10-30 ..	1	8-15, 10-30, 15-0, 16-25..	4
		Punjab and N. W. F. Circle.					
1	Amb'ala (*b*)	5-30, 7-40L, 14-0L, 14-10L, 14-30, 14-55L, 16-7.	7	8-0, 9-30(*a*), 15-30.	3	7-16, 9-20, 13-35L, 14-45, 16-15, 17-15L.	6
2	Amritsar (*b*)	5-30, 7-20, 8-30, 9-25, 11-0, 16-30L	6	8-0, 10-0(*a*), 16-30.	3	8-55, 17-55, 18-30 ..	3
3	Delhi ..	4-0, 5-30, 7-0, 7-45L, 8-0, 8-10, 29-0, 9-10, 9-35L, 10-20, 11-15, 15-30, 15-50, 18-0, 18-10, 18-20, 20-35, 14-40—On Fridays only.	17	8-0, 10 0 M. Os., 10-30, 16-0L.	4	6-35, 7-50, 10-20L, 15-50, 18-5, 19-30.	6
4	Lahore (*b*)	5-45, 8-45, 9-0, 9-35, 10-15, 12-30, 15-30, 17-0.	8	8-0, 9-0(*a*), 10-30, 11-0(*a*), 12-30, 17-30.	6	8-0, 16-55, 17-15, 18-30	4
5	Peshawar (*b*)	6-30, 8-0, 10-45L, 11-45, 15-30-L, 16-0, 16-15L, 16-30, 17-30L, 18-0.	10	8-30, 10-0(*a*), 16-0.	3	6-15, 8-20L, 9-50L, 11-0, 15-30, 15-50, 17-30, 19-0*. *From April to October each year.	8
6	Rawalpindi	6-0, 6-30, 9-30, 10-0L, 11-20, 14-0, 14-30L, 16-30L, 17-0, 17-30L.	10	8-30, 11-0, 18-0	3	8-0, 10-30, 15-30, 17-15, 19-0.	5
7	Simla (*b*)	8-50L, 9-30L, 9-40L, 10-10L, 10-20L, 10-35, 11-10L, 12-15L, 12-30L, 13-15L, 13-20L, 14-0L, 14-5, 14-10L, 14-50, 15-30L, 16-0L, 16-5L. 16-20L, 16-45L, 17-10L, 17-20, 17-40L.	20	10-30, 12-0, 15-0, 18-0.	4	10-20L, 11-50L, 14-50L, 14-55, 16-5, 17-0, 17-40, 17-50L.	8

(*a*) Unpaid articles, m. os., regd. parcels and insured and v. p. articles.
(*b*) Does not perform sorting work, which is done in local mail or sorting office.
*Window Delivery.
†Regd., etc.
L=Local.

Sindh Baluchistan Circle.

Serial No.	Name of offices.	Hours of receipt of mails.	Total No.	Hours of delivery.	Total No.	Hours of clearance of Letter boxes.	Total No.
1	Karachi ..	7-30, 9-25, 16-35 (*Daily*)	3	10-30, 11-30(*a*), 18-15.	3	8-15, 9-0, 15-30, 16-50, 18-45.	5
		Midnight *Saturday* ..	..	..	..	6-0, 18-0, 19-0 (*Thursdays*)	..
		8-0, 16-30 (*Thursday*) ..	..	..	..	20-0 (*Saturdays*) ..	..
		8-0 (*Monday*)	..	..	..	..	..
		17-0 (*Wednesday*) ..	..	..	..	..	..
2	Quetta ..	6-45, 9-15, 10-45, 12-30, 15-30, 16-15, 17-25 (*Daily*).	7	11-0, 16 30 ..	2	6-20, 8-15, 10-45L, 12-40, 15-20, 16-15L, 17-40.	7
		12-20, 17-30 (*Air Mail days*).					
		United Provinces Circle.					
1	Cawnpore	6-0, 6-15, 7-30, 9-45, 11-0, 11-30, 12-25, 14-0, 15-35, 15-45, 17-20, 17-45.	12	8-0, 10-30, 13-0, 18-30.	4	Outside Letter boxes 6-5 to 7-20, 9-30 to 10-50, 12-5 to 13-25, 15-45 to 17-0.	4
						Office Letter box 7-30, 10-45, 14-0, 14-15, 16-30, 17-45, 18-30.	7
2	Meerut ..	6-0, 6-20, 7-41, 10-0, 10-30, 15-30, 16-0.	7	9-0, 10-30, 16-15	3	Outside Letter boxes 8-15 to 9-50, 13-50 to 3-25, 16-30 to 18-10.	3
						Office Letter box 8-15, 10-15, 15-15, 16-0, 16-50, 18-25.	6
3	Lucknow..	6-0, 7-0, 7-30, 12-0, 15-30, 15-45.	6	8-30, 9-30, 13-0, 17-0.	4	Outside Letter boxes 5-55 to 7-18, 8-15 to 9-38, 12-0 to 13-25, 16-54 to 18-9 or 16-24 to 17-39.	4
						Office Letter box 7-30, 10-15, 14-0, 6-0 or 6-30.	4
4	Allahabad..	6-0, 7-15, 10-15, 11-0, 11-45, 12-0, 15-15, 15-30, 16-5, 16-20, 16-30, 17-0, 18-0.	13	8-0, 9-30, 14-0, 17-0.	4	Outside Letter boxes 6-0 to 7-15, 8-45 to 10-0, 12-45 to 14-0, 15-45 to 17-0.	4
						Office Letter box 6-20, 7-30, 8-20, 9-30, 10-20, 11-0, 13-30, 14-30, 15-0, 16-20, 17-0, 17-30.	12
5	Benares City	6-5, 7-30, 7-45, 8-0, 9-5, 9-15, 10-50, 11-0, 11-30, 12-15, 12-30, 13-0, 13-40, 13-48, 14-15, 16-0, 16-30, 17-0, 17-15, 17-25, 17-30, 17-45.	22	9-30, 10-0, 10-30, 12-0, 17-30.	5	Outside Letter boxes 6-5 to 7-0, 11-35 to 12-30, 15-35 to 16-30.	3
						Office Letter box 9-5, 11-10, 14-30, 16-5, 17-30.	5
6	Agra ..	6-4, 7-30, 10-20, 10-30, 11-0, 11-15, 11-30, 12-30, 14-0, 15-0, 15-15, 15-30, 15-45, 15-50, 16-30, 16-40, 16-50, 17-0, 17-15, 17-30.	20	8-30, 10-30, 16-0	3	Outside Letter boxes 8-35 to 10-0, 14-5 to 15-30, 15-40 to 17-0.	3
						Office Letter box 8-15, 10-15, 10-30, 11-30, 15-30, 15-45, 16-0, 18-0.	8

(*a*) Parcels, M. Os. and unpaid articles.
L=Local.

APPENDIX III.

Cost per set of liveries and uniforms.

	1926-27 and 1927-28.			1928-29 and 1929-30.			1930-31.		
	Summer Uniforms.	Winter Uniforms.	Waterproof garments.	Summer Uniforms.	Winter Uniforms.	Waterproof garments.	Summer Uniforms.	Winter Uniforms.	Waterproof garments.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Overseers	18 0 0	30 0 0	10 8 0	14 0 0	18 0 0	10 8 0			
Postmen	18 0 0	30 0 0	10 8 0	14 0 0	18 0 0	10 8 0	14 0 0	18 0 0	9 0 0
Letter Box Peons	18 0 0	22 8 0	10 8 0						
Mail Peons	18 0 0	22 8 0	10 8 0	12 0 0	15 8 0	10 8 0	12 0 0	15 8 0	9 0 0
Messengers	18 0 0	22 8 0	10 8 0						
Village Postmen	18 0 0	22 8 0	..	9 0 0	6 14 0	..	9 0 0	6 14 0	..
Railway Mail Service.									
Porters	7 8 0	22 8 0	..	7 8 0	22 8 0	..			
Van Peons	7 8 0	22 8 0	..	7 8 0	22 8 0	..	6 4 0	15 0 0	..
Telegraph Traffic Branch.									
Telegraph messengers	18 0 0	22 8 0	10 8 0	18 0 0	22 8 0	10 8 0			
Office Peons	18 0 0	22 8 0	10 8 0	18 0 0	22 8 0	10 8 0	15 0 0	15 0 0	9 0 0
Durwans	18 0 0	30 0 0	..	18 0 0	30 0 0	..	15 0 0	20 0 0	..
Engineering Branch.									
Sub-Inspectors	18 0 0	30 0 0	10 8 0	18 0 0	30 0 0	10 8 0	15 0 0	20 0 0	9 0 0
Linemen	18 0 0	22 8 0	10 8 0	18 0 0	22 8 0	10 8 0	15 0 0	15 0 0	9 0 0
Boatmen	18 0 0	22 8 0	..	18 0 0	22 8 0	..	..	..	..
Coxwains	18 0 0	22 8 0	..	18 0 0	22 8 0	..	15 0 0	15 0 0	..
Other inferior servants	18 0 0	22 8 0	..	18 0 0	22 8 0	..	..	..	..

APPENDIX IV.

Organisation of the Posts and Telegraphs Directorate.
April 1931.

				Sections.
Director General.	Senior Deputy Director General.	..	Assistant Director General.	Establishment—A(12)
			Assistant Director General.	Establishment—B(8).
		Deputy Director General, Staff.	Assistant Director General.	Staff-A. (12).
			..	Staff-B. (13). Library (1).
			Chief Superintendent (non-gazetted).	General-A (27).
		Deputy Director General, Postal Services.	Assistant Director General.	Foreign Mails (10). General A (7).
			Assistant Director General.	Inland Mails (11).
			Assistant Director General.	Miscellaneous and Cash (8). General B (8).
	Chief Engineer.	Deputy Chief Engineer.	..	Engineering Branch and Building (8).
		Deputy Director General, Telegraphs.	Traffic Controller	Telegraph and Phones A. (10).
			Assistant Deputy Director General.	Do. do. B (9).
		Director, Wireless.	Assistant Director General and Assistant Director.	Wireless Branch (10).
Financial Adviser.	—	..	Assistant Director General.	Budget Branch (13).

NOTES :—

(1) The 'Buildings' work of the Engineering Branch is submitted to the Chief Engineer through Assistant Director General, Miscellaneous.

(2) The Budget Branch is part of the office of the Director General, but the Financial Adviser helps in the supervision of the work of this branch.

(3) The numbers in brackets indicates the strength of the Sections.

APPENDIX V.

ORDERS RELATING TO THE LOWER DIVISION OF CLERKS.

(1)

No. 158-P.T.E.

GOVERNMENT OF INDIA.

DEPARTMENT OF INDUSTRIES AND LABOUR.

POSTS AND TELEGRAPHS BRANCH.

FROM

T. RYAN, ESQ., C.I.E.,

Joint Secretary to the Government of India.

TO

THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS.

Dated Simla, the 16th May 1928.

SUBJECT :—*Creation of a new grade of Lower Division clerks in the Post Office and Railway Mail Service.*

SIR,

I have the honour to inform you that, with a view to reducing the cost of clerical work in the Post Office and Railway Mail Service and to improving the prospects of postmen and mail-guards, the Government of India have decided to create a new grade of clerks to be styled Lower Division clerks for the performance of certain duties of a routine nature The scales of pay sanctioned for these Lower Division clerks will be as shown in the state ment attached to this letter.

2. The duties for the performance of which clerical posts in the Lower Division should be created cannot at present be precisely defined but generally speaking, the intention is, as already stated, to employ this class for the discharge of intelligent routine duties in the Post Office and Railway Mail Service. I am to request you kindly to submit to Government as soon as possible your recommendations, showing in detail the item of work in the Post Office and Railway Mail Service which could be carried out satisfactorily by clerks in the new grade. To assist you and the Heads of the different Circles in framing their proposals under this head, the Government of India are placing at your disposal the services of Rai Bahadur J. P. Ganguli, Assistant Secretary to the Government of India, who examined the question as regards Post Offices in the Bombay Circle and made certain recommendations which are already under your consideration. In the meantime, the Government of India authorise you to create posts in this grade in replacement of posts in the ordinary clerical time scale as vacancies occur to the extent to which you consider that the circumstances clearly justify such action.

3. Appointment to the posts of Lower Division clerkships should be made as far as possible by the promotion of suitably qualified postmen and mail guards. Candidates should be submitted to such tests of their general qualifications and ability as you consider necessary to ensure their fitness for the proper discharge of the duties to be entrusted to them.

I have the honour to be,

SIR,

Your most obedient servant,

T. RYAN,

Joint Secretary to the Government of India.

A copy is forwarded to the Accountant-General of Posts and Telegraphs, for information.

Statement.

Circles.	Scale of pay. Rs.
Bengal and Assam—	
(*i*) Calcutta, Alipore and Howrah	50—5—100
(*ii*) Rest of Circle	40—4—80
Bihar and Orissa—	
(*i*) Patna and Ranchi	40—4—80
(*ii*) Rest of Circle	35—4—75
Bombay—	
(*i*) Bombay and its vicinity, Aden	60—4—100
(*ii*) Poona and Ahmedabad	50—4—90
(*iii*) Rest of Circle	40—4—80
Burma—	
(*i*) Rangoon	70—4—110
(*ii*) Rest of Circle	50—4—90
Central—	
(*i*) Nagpur and Jubbulpore	40—4—80
(*ii*) Rest of Circle	35—4—75
Madras—	
(*i*) Madras	40—5—90
(*ii*) Madura, Bangalore, Hyderabad and Dhanushkodi ..	40—4—80
(*iii*) Rest of Circle	35—4—75
Punjab and N. W. F.—	
(*i*) Lahore, Delhi, Peshawar, Rawalpindi, Amritsar and Simla	45—4—85
(*ii*) Ambala and Abbottabad	40—4—80
(*iii*) Rest of Circle	35—4—75
United Provinces—	
(*i*) Allahabad, Agra, Cawnpore, Lucknow, Meerut and Benares	45—4—85
(*ii*) Rest of Circle	35—4—75
Sind and Baluchistan—	
(*i*) Baluchistan	60—4—100
(*ii*) Karachi and Persian Gulf (including Mekran Coast) ..	50—4—90
(*iii*) Rest of Circle	40—4—80

(2)

COPY OF A LETTER FROM THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS, NEW DELHI, TO THE GENERAL SECRETARY, ALL-INDIA (INCLUDING BURMA) POSTMEN AND LOWER GRADE STAFF UNION, 343, THAKURDWAR, BOMBAY-2, No. S.A.-183/28, DATED THE 23RD DECEMBER 1929.

SUBJECT.—*Promotion of postmen to the Lower Division clerkships.*

With reference to your letter No. 64-B./29, dated the 9th November 1929, I am directed to say that the Presidency Postmaster, Bombay, has been instructed not to hold any formal examination for the purpose. I may add that the appointments graded for pay in the lower division should be filled by promotion from postmen, mailguards and telegraph messengers who have completed at least 5 years permanent service in each case. Candidates having the requisite service should be subjected to a practical test of their knowledge of the work which they will be required to perform. This test should include a test of the candidate's knowledge of English but no dictation paper is necessary.

APPENDIX VI.

RATES OF PAY IN FORCE AND THE PERSONNEL EMPLOYED IN THE INDIAN POSTS AND TELEGRAPHS DEPARTMENT, ON 31ST MARCH, 1930.

Higher Gazetted posts.

Scales of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
3,500—100—4,000.	(*a*) 3,000 (I.C.S.) (*b*) 2,750—125—3,000 (non-I.C.S.).	2,750—125—3,000.	(*a*) 2,250—100—2,750 (I.C.S.). (*b*) 2,000—100—2,500 (non-I.C.S.).	1,750—100—2,250.
1 Director-General, Posts and Telegraphs.	1 Senior Deputy Director General.	1 Chief Engineer, Posts & Telegraphs.	8 Postmasters-General (1 I. C. S.) (7 non-I.C.S.).	1 Deputy Director-General, Postal Services. 1 Deputy Director General, Staff*.
				*Post temporarily held in abeyance and a post of A. D. G. created temporarily.

Scales of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
50—100—2,150.	1,000—50—1,500.	800—40—1,000.	625—1,375 (625/2—675—725/2 50—1,025/2—50—1,275/2—1,325/2—1,375).	375—975 (375—50—525/2—50—625/2—50—975).
1 Dy. D.-G., Telegraphs. 5 Directors of Tel. Engineering. 1 Dy. Chief Engineer Telegraphs*. 1 Director of Wireless. 1 Electrical Engineer-in-Chief. 1 Controller of Tel. Stores 10	7 Asst. Directors-General, Postal (including 1 temporary). 14 Dy. Postmasters-General, Postal. (*a*) 8 Dy. P. Ms. G., Traffic. 1 Controller of Tel. Traffic. 1 Asst. Director-General, Telegraphs. 4 Chief Supdts. in Tel. offices at Calcutta, Bombay, Madras, and Agra. 2 Presy. Postmasters, Calcutta and Bombay. 37	2 Presy. Postmaster, Madras. Poasmaster, Rangoon.	1 Asst. D. G., Wireless. (*b*) 23 Divl., Engs. Tel. Engineering (including one temporarily employed as P. A. to Chief Engineer.) 3 Divl. Engrs., Wireless. 1 Supdt., Tel. Workshops. 28	1 Asst. Director, Wireless. 1 Assistant Divisional Engineer, Wireless. (*c*) 23 Assistant Divisional Engineers, Telegraph Engineering (including junior Electrical Engineer). 1 Assistant Controller of Telegraph Stores. 1 Assistant Superintendent of Telegraph Workshops. 27
*Post temporarily held in abeyance and a post of a Divisional Engineer created temporarily as Personal Assistant to Chief Engineer.	(*a*) 14 posts in the Superior Traffic Branch, 1st Division.		(*b*) Including Senior Electrical Engineer and Director, Posts and Telegraphs, Karachi.	(*c*) Including one to be absorbed.

Lower Gazetted posts and certain non-gazetted posts.

Scales of pay.						
Rs. 700—25—800.	Rs. 600—40—800.	Rs. 350—30—650.	Rs. 300—20—600 —25—750.	Rs. 350—20—550 —30—700.	Rs. 500—20—600.	Rs. 350—20—450.
Postmasters (Delhi Lahore Poona and Karachi).	(*a*) 1 Superintendent, Secretariat Branch (temporary). (*b*) 1 Chief Superintendent, office of Director-General of Posts and Telegraphs.	44 Postmasters of 1st class head offices (other than Delhi, Lahore, Poona and Karachi), including Deputy and Assistant Postmasters in larger offices.	180 Superintendents of Post Offices & R. M. S., including those employed as Assistant Postmasters-General and one employed as Publicity Officer (provisional) attached to Director-General's office.	35 Superior Traffic Branch, 2nd Division (including 1 Assistant Deputy Director-General, Telegraphs). 21 Assistant Engineers, Telegraphs (General, Phone and Electrical). 2 Assistant Engineers Wireless. 58	(*a*) 20 Deputy Superintendents, Telegraph Traffic, Class I. (*a*) 38 Deputy Assistant Engineers (Engineering and Wireless) Class I (including one supernumerary in the Wireless Branch). (*b*) 1 Instrument maker, Wireless. 59	(*a*) 32 Deputy Superintendents Telegraph Traffic, Class II. (*a*) 78 Deputy Assistant Engineers. (Engineering and Wireless) Class II (*b*) 6 Office Superintendents Circle offices at Calcutta, Bombay, Madras, Lahore, Rangoon and Lucknow. 2 Managers, Dead Letter Offices at Calcutta and Bombay. 118

(*a*) Gazetted. (*b*) Non-Gazetted.

Non-Gazetted Workshops and Wireless Establishments.

Scales of pay.			
Rs. 500—20—700.	Rs. 400—20—500.	Rs. 200—10—300—20—500.	Rs. 150—10—350.
2 Branch Managers. Foremen. 1 Assistant Cable Engineer. 1 Instrument mechanician.	1 Instrument maker, Wireless.	2 Foremen.	6 Assistant Foremen, Examiners, Instrument testers. 5 Cable supervisors.

Other Non-Gazetted Posts.

Scales of pay.

Rs. 500—25—700.	Rs. 350—25—600.	Rs. 400—10—500.	Rs. 250—20—350.	Rs. 200—15—500.
1 Budget Superintendent, Office of Director-General of Posts and Telegraphs.	*14 Superintendents (including 2 Budget Assistants') office of Director-General of Posts and Telegraphs.	1 Treasurer, Calcutta General Post Office.	28 Dead Letter Office Managers and Assistant Managers, Head Assistants, etc., in larger Circle offices and Superintendents in Circle offices at Patna, Nagpur and Karachi. 120 Postmasters, Sub-postmasters, Deputy Postmasters, Head Clerks, &c., in post offices. 26 Head Record Clerks, Railway Mail Service, and Head Clerks in Telegraph Establishments. 174	1 Upper Division Assistant, Secretariat Branch (temporary).

* One to be abolished.

Scale of pay.

Rs. 275—10—325.	Rs. 200—10—250.	Rs. 180—10—230.	Rs. (*a*) 120—5—140—10—290—20—350 (new recruits). (*b*) 80—5—100—10—250—20—350 *plus* special pay Rs. 40 subject to a maximum of Rs. 350 (old recruits).	Rs. 200.	Rs. 160—10—250.
4 Telegraph Masters, General Service (including 4 Local Service men on General Service pay).	10 Telegraph Masters, Local or Station Service 'A'.	2 Telegraph Masters, Station Service 'B'.	292 Engineering Supervisors. 26 Wireless Supervisors. 318	* 11 Probationary Superintendents of Post Offices and Railway Mail Service.	1,976 Selection grade clerks in Circle offices and Dead Letter Offices including Postal Workshop, Aligarh. Posmasters, Deputy, Assistant or Sub-Postmasters, Accountants and other officials in Post Offices. Inspectors of Post Offices and Railway Mail Service and Head Clerks to Superintendents of Post Offices. Head Sorters and other selection grade officials in the Railway Mail Service. Selection grade clerks in Telegraph Establishments (including Wireless).

* Will be reduced to 8.

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
120—8—160—10—350.	160—5—175.	150—10—300—12½—400.	(*a*) 80—5—100—10—250. (*b*) 55—5—120—10—180.	(*a*) 90—5—180. (*b*) 80—5—170. (*c*) 70—5—160. (*d*) 65—5—155. (*e*) 60—5—150. (*f*) 55—5—145.
			TELEGRAPHISTS.	
108 Assistants (1st Division clerks). Office of Director-General of Posts and Telegraphs.	2 Head Clerks, Office of Director-General of Posts and Telegraphs. (Existing incumbents are on former scale of Rs. 160—10—200.)	1 Personal Clerk to Director-General. 7 Stenographers, Office of Director General of Posts and Telegraphs. — 8 (Existing incumbents are on former scales of pay, *viz.*, Rs. 300—20—500 for Personal Clerk to Director General and Rs. 100—300 for stenographers.)	(*a*) 2,374 General Service (including Wireless operators). (*b*) 50 Local Service. Total 2,960.* * Represents the number actually employed on 1st July 1931 (including 126 Wireless operators).	536 Station Service.

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.
(*a*) 70—5—170. (*b*) 60—5—160. (*c*) 50—6—110—5—160. (*d*) 50—5—150. (*e*) 40—6—100—5—150. (*f*) 45—5—145. (*g*) 40—5—140. (*h*) 35—5—135. } (*a*)	75—4—155.	(*a*) 125—5—150. (*b*) 115—5—140. (*c*) 110—5—135.	(*a*) 50—5—120. (*b*) 40—5—110. (*c*) 35—5—105.	(A) 120—5—145. 70—5—140. 60—5—130. 50—6—110—5—130. 50—5—120. 45—5—115. (B) 30—2—50. (C) 30—2—40. 50—3—80. 80—3—110. 85 (Fixed, temporary). 45 (Fixed, temporary). 61 (Fixed, temporary).
Ordinary clerical cadres. 30,330 Ordinary time-scale clerks in all branches (including sub-Postmasters, sorters, etc.) 630 Telephone Inspectors and Telephone operators, class I. 30,960	66 clerks, office of the Director General of Posts and Telegraphs.	40 Line Inspectors.	535 Line Sub-Inspectors.	220 Mechanics, Mistries Engine Drivers, Carpenters, Cable jointers, etc. (A) There are 4 groups of mistries, etc., who draw pay as follows:— *Group (1).*—Draw rates of pay same as for postal clerks on ordinary time-scale beginning with 16th year of service.

Ordinary clerical cadres—contd.				*Group (2).*—Draw rates of pay same as for postal clerks on ordinary time scale ending with pay for the 15th year of service. *Group (3).*—Draw lower division scales of pay. *Group (4).*—Draw postmen's rates of pay. (B) Existing scale of pay for Assistant Mistries. (Pay not yet revised.) (C) 11 Motor Car and Motor Lorry Drivers (including 3 temporary) and Motor Engine Drivers. (Pay not yet received.)
(a) According to localities, *vide* para. 54 of the Posts and Telegraphs Manual of Appointments and Allowances.	(Many are in the former scale of Rs. 55—5—155).			

Scales of pay.		
Rs. (a) 70—4—110 (b) 60—4—100 (c) 50—5—100 (d) 50—4—90 (e) 40—5—90 (f) 45—4—85 (g) 40—4—80 (h) 35—4—75 (B) (i) 40—4—100 (D) (j) 50—3—110 (k) 50—3—80 (E)	Rs. (a) 30—1—50 (b) 25—1—45 (c) 23—1—43 (d) 20—1—40 (e) 18—1—38 (C)	Rs. (a) 25—1—45 (b) 20—1—40 (c) 18—1—38 (X)
Lower Divisional Clerical Cadres.	*Postmen Class.*	
1,432 Departmental Branch Postmasters. 1,075 Mail and Cash Overseers. 1,050 Overseer Postmen, Sorting or Reader Postmen and Head Postmen. 950 Compositors and Printers, Stamp-vendors in Calcutta, Bombay, Madras and Rangoon and Munshi clerks, time-keepers, bill sarkars and other lower Division officials in Telegraph Establishments and Record Suppliers employed on semi-clerical duties.	30,400 Postmen and Village Postmen. 414 Mail Guards. 131 Departmental Stamp vendors in post offices other than Calcutta, Bombay, Madras and Rangoon.	3,627 Linemen and Line-riders.
4,507	30,945	

(B) According to localities (*vide* paragraph 54-A, of the Posts and Telegraphs Manual of Appointments and Allowances).

(C) According to localities (*vide* paragraph 72 of the Posts and Telegraphs Manual of Appointments and Allowances).

(D) Sanctioned for B cadre clerks in Store Depots and Telegraph Workshops. (Their pay not yet revised.)

(E) Sanctioned for Serangs in Burma.

(X) Linemen and line-riders whose scale of pay falls short of that for local postmen, are given compensatory allowance to make up the difference in the minimum and the maximum.

Inferior Establishments.

Scale of pay.

Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(*a*) 40 (fixed). (*b*) 30—1—35. (*c*) 27—1—32. (*d*) 25—1—30. (*e*) 23—1—28. (*f*) 22—1—27. (*g*) 21—1—26. (*h*) 20—1—25. (*i*) 19—1—24.	(*a*) 30—1—40. (*b*) 20—1—40. (*c*) 25—1—35. (*d*) 20—1—30. (*e*) 20—/8/—25. (*f*) 15—1 —35.	(*a*) 17—/4/—22. (*b*) 15—/4/—20. (*c*) 14—/4/—19. (*d*) 13—/4/—18.	12—/4/—17. 11—/4/—16. 10—/4/—15. 9—/4/—14. 8—/4/—13.	(*a*) 18—1/3—20. (*b*) 15—1/3—17. (*c*) 13—1/3—15. (*d*) 12—1/3—14. (*e*) 11—1/3—13. (*f*) 10—1/3—12. (*g*) 9—1/3—11. (*h*) 8—1/3—10.	(*a*) 25—/8/—30. (*b*) 22—/8/—27. (*c*) 20—/8/—25. (*d*) 18—/8/—23. (*e*) 17—/8/—22. (*f*) 16—/8/—21. (*g*) 15—/8/—20. (*h*) 14—/8/—19. (*i*) 14—1/5—16. (*j*) 17—1—22. (*k*) 15 (fixed). (*l*) 21 (fixed). (*m*) 15—/4/—20.
176 *Jemadars and allied classes, e.g.*, Jemadars, Hall Jemadars, Head Porters, Havildars, etc. (including 1 overseer of peons in Director-General's office).	*156 Duftries and allied classes, e.g.*, Form Suppliers, Markers, Record lifters, Duftries etc. (including record lifters and duftries in Director-General's office).	14,813 Runners in post offices.	1,339 Task-work peons.	1,064 Boy messengers.	*Other Inferior Servants.* 17,369 Delivery peons (on fixed scale of pay), Chowkidars, Hamals, Durwans, Office Peons, Farashes Mail and Van peons, Packers, Porters, Boatmen, Tindals, etc., Daffadars in Director-General's office, Sweepers, Bhistis and Methors, etc., in Calcutta. (NOTE.—There are 17,704 Extra Departmental Agents in post offices, who are not regular servants of the Post Office. They receive small allowances from the Post Office).

Miscellaneous Establishments.

Scales of pay.

	Rs.
25	40 (fixed). 75 (fixed). 100 (fixed). 150—5—175. 250—20—350. 30—1/5—35. 35—3/5—50. 40—1—50. 40—5—140. 45—3—65—4—105—5—140.

25 { Sanitary Superintendent, Caretaker, Commissioner, Building overseer, Conservancy Inspector and allied classes.

APPENDIX VII.

MEASURES FOR IMPROVEMENT OF CONDITIONS OF SERVICE DURING THE YEARS 1924-25 TO 1931-32.

1924-25.

	Rs.
(1) Proposed grant of compensatory allowance to certain officials in Rangoon	10,000
(2) Provision for revision of the scales of pay to clerks in Postal Accounts Offices	1,30,000
(3) Proposed revision in the pay of time-scale clerks in Rangoon Post Office	45,000
(4) Proposal for counting continuous, officiating or temporary service as branch postmasters towards increments in time-scale pay for clerks	10,000
(5) Proposal for grant of compensatory allowance to certain officials of the Posts and Telegraphs Department in Rangoon, etc.	25,000
(6) Increase in the pay of certain menials in the Western Circle, Railway Mail Service	3,000
(7) Proposed transfer of telegraph masters and telegraphists from local to general service	28,000
(8) Proposed revision in the rates of telegraphists' allowances for 55 Military Telegraphists in the Traffic Branch	24,000
(9) Proposed revision of pay of time-scale clerks at Rangoon ..	11,000
(10) Grant of house rent allowance to telegraph masters and telegraphists proposed to be transferred from the local to the general service	19,000
(11) Proposed increase of Baudot Supervisors' allowance from Rs. 20 to Rs. 40 per mensem for 30 baudot supervisors for 6 months	4,000
(12) Proposed grant of compensatory allowance to certain officials of the Posts and Telegraphs Department in Rangoon ..	39,000
(13) Extra provision required for fixing the initial pay of temporary telephone operators who will be made permanent ..	6,000
(14) Proposed house rent and local allowance to men at places other than Calcutta, Bombay and Rangoon and proposed revision to house rent and local allowance at Calcutta, Bombay and Rangoon	50,000
(15) Proposed grant of compensatory allowance to certain officials in Rangoon	17,000
(16) Proposed grant of compensatory allowance to certain Wireless Branch officials in Rangoon	18,000

1925-26.

(1) Revision of time-scale of pay of clerks of Bombay	16,000
(2) Revision of time-scale of pay of clerks of Bombay	13,000
(3) Proposed grant of house rent and local allowances.. ..	12,000
(4) Employment of additional staff in Post Offices	36,000
(5) Increase in the percentage of reseve sorters	64,000
(6) Proposed grant of house rent allowance to Indian local service telegraph masters and telegraphists recruited on or before 1st March 1913	48,000

	Rs.
1926-27.	
(1) Revision of pay of postal Superintendents	38,000
(2) Conversion of existing grade of Rs. 350—20—650 for Gazetted Postmasters into the grade of Rs. 350—30—650 ..	8,000
(3) Revision of time-scales of pay of postal clerks at certain important stations	5,00,000
(4) Provision for substitutes in casual leave vacancies of postmen, mail guards and menials	1,00,000
(5) Refixation of house-rent allowances to postmen and menials in Post Offices	2,50,000
(6) Grant of house-rent allowances to certain sub-postmasters who are not provided with free quarters	30,000
(7) Grant of compensatory allowance to officials employed in certain expensive cities	2,00,000
(8) Grant of accommodation or house-rent allowance in lieu of the "married" scale to unmarried telegraphists who have families living with and wholly dependent upon them ..	50,000
1927-28.	
(1) Revision of pay of clerical staff in the office of Director General, Posts and Telegraphs	10,000
(2) Grant of compensatory allowance to telegraph engineering subordinates	11,000
(3) Revision of pay of postal clerks on time-scale	5,81,000
(4) Revision of pay of selection grade appointments and Inspectors (Post Office and Railway Mail Service), Head Clerks to Superintendents of Post Offices and Town Inspectors of Post Offices	1,80,000
(5) Revision of pay of branch postmasters, overseers and postmen	80,000
(6) Revision of pay of Railway Mail Service sorters on time-scale	1,92,000
(7) Outstation allowance to Railway Mail Service sorters ..	50,000
(8) Additional staff for Railway Mail Service on new basis of duty	50,000
(9) Appointment or Head Record Clerks on Rs. 250—20—350 in the Railway Mail Service	22,000
(10) Equalisation of pay of engineering and traffic clerks ..	50,000
(11) Grant of house rent allowance to telegraph subordinate staff	97,000
1928-29.	
(1) Revision of scales of pay of Assistant Director General (Postal), Deputy Postmaster-General (Postal), Presidency Postmaster and officers of the Superior Traffic Branch, 1st Division	18,000
(2) Improvement of pay and other terms of service of low-paid staff	13,18,000
(3) Compensatory allowances for low-paid staff	1,00,000
(4) Revision in scales and extent of supply of liveries and uniforms	2,00,000

	Rs.
(5) Increase in annual provision for grants to sports and recreation clubs	9,000
(6) Grant of house-rent allowance to certain Railway Mail Service mail guards and inferior servants	12,000
(7) Grant of house rent allowance to certain Railway Mail Service mail guards and inferior servants	12,000
1929-30.	
(1) Extra cost for increase in the number of Gazetted Postmasters or Assistant Postmasters as justified by the revised standard adopted to determine what posts should be of gazetted rank	2,000
(2) Compensatory and house rent allowances for new gazetted Postmasters or Assistant Postmasters to be created according to the revised standard..	8,000
1930-31.	
(1) Revision of pay of clerical and miscellaneous staff in the office of the Drector-General of Posts and Telegraphs.. ..	9,000
(2) Revision of pay of Postmasters-General and Senior Deputy Director-General, Posts and Telegraphs	14,500
(3) Revision of pay of clerks and certain other staff employed in Benares City	13,300
(4) Revision of compensatory allowance and special pay for certain classes of the non-gazetted subordinates ..	50,000
(5) Revision of rates of subsistence allowance of Task Work peons	4,400
1931-32.	
(1) Training of candidates for appointment as Engineering Supervisors and increase in their cadre	79,000
(5) Revision of existing cadre in the Wireless Branch	5,800

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REPORT OF THE PUBLIC WORKS, ACCOUNTS AND AUDIT DEPARTMENTS SUB-COMMITTEE OF THE RETRENCHMENT ADVISORY COMMITTEE.

Constitution of the Sub-Committee.

Mr. K. C. NEOGY, M.L.A. (CHAIRMAN).

The Hon'ble Mr. ABU ABDULLAH SYED HUSSAIN IMAM.

Mr. G. MORGAN, C.I.E., M.L.A.

Diwan Bahadur R. N. ARUGLASWAMY MUDALIAR.

Rai Bahadur BISHEN SWARUP.

Mr. M. K. MITRA.

Mr. C. V. SRINIVASA RAO (SECRETARY).

Introductory.

We beg to submit our report on the expenditure of the Central Government in the Public Works, Accounts and Audit Departments.

The terms of reference were as follows :—

> To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under the review of the Sub-Committee having regard especially to the present and prospective position of the revenues. In so far as questions of policy are concerned, these will be left for the exclusive consideration of Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies were either adopted, abandoned or modified.

We held our preliminary meetings at Calcutta from the 7th to 11th July 1931 and subsequently met at Simla from the 3rd to 22nd August, where we took the evidence of departmental and other witnesses, a list of whom is given in Appendix I to the report. We again met at Calcutta on the 26th and 27th August 1931 to consider and sign the report.

PART I.

SECTION I.

Irrigation.

1. The following table shows the expenditure under this head in 1924-25 and the provision made in the budget estimates for the years 1930-31 and 1931-32 :—

	Actuals 1924-25.	Budget estimate 1930-31.	Budget estimate 1931-32.
Expenditure in India.	Rs.	Rs.	Rs.
Interest	11,98,270	12,38,000	12,87,000
Capital works charged to revenue ..	92,539	4,28,800	2,11,000
Working expenses :—			
(*a*) Works and extensions and improvements.	84,669	4,87,000	2,73,500
(*b*) Maintenance and repairs	7,80,217	4,77,200	5,05,000
(*c*) Other charges	..	42,200	59,200
Establishments	5,90,100	9,73,400	10,13,300
Tools and Plant	17,027	19,300	21,100
Grants in aid, contributions, etc.	..	..	4,600
Suspense	2,569	4,500	500
Pensionary charges	1,13,277	1,35,200	1,37,800
Other charges	73,583	..	..
Deduct—English charges included above ..	..	—77,000	—78,000
Deduct—Contributions from Local Funds ..	..	—29,700	—73,000
Reserve	..	15,000	10,000
Deduct—Probable savings	..	—2,53,900	—2,61,000
Expenditure in England	..	77,000	78,000
Total ..	29,52,251	35,37,000	31,89,000
Revenue	18,07,886	23,65,000	23,59,000

2. The increase in expenditure largely relates to the North-West Frontier Province and Baluchistan. The decrease in the provision for 1931-32 as compared with 1930-31 is partly due to certain schemes of irrigation in these two areas, which were in progress in previous years having either been completed, or nearing completion. As compared with the expenditure for 1924-25 the estimates for 1930-31 and 1931-32 under 'Maintenance and repairs' show a decrease. This is explained by the fact that special expenditure to the extent of Rs. 4,28,000 had to be incurred in 1924-25 on repairing the damages caused by the erosion at Dera Ismail Khan. If this is deducted the increase in irrigation expenditure would be about 10 lakhs with reference to the figures for 1930-31 and about 6½ lakhs with reference to the estimate for the current year. For purposes of comparison we have taken 1924-25 as the starting point as that was the year in which, we believe, the results of the recommendations of the Inchcape Committee were fully reflected.

3. Prior to 1923, the staff of the North-West Frontier Province consisted of a Superintending Engineer and three Executive Engineers

in charge of three Divisions, two for the Upper Swat Canal and one for the Lower Swat and Kabul Canals. As a result of the recommendations of the Inchcape Committee one of the Upper Swat Canal Divisions was closed down in 1923. This was, however, reopened in 1926. It has been put to us that the reopening of the Division was necessary as it proved impossible for a single officer to superintend the growing irrigation in addition to the work involved in the maintenance of the head works and that the closure of the Division in 1923 not only checked the increase in irrigation which had previously been taking place but caused a rapid fall in the areas annually irrigated. We have examined this question carefully and we confess that we are not convinced that the closure of the Division was solely responsible for the fall in the area irrigated. The following figures are interesting :—

NORTH-WEST FRONTIER PROVINCE.

Area irrigated.

Year.	Area irrigated in acres.			Remarks.
	Kharif.	Rabi.	Total.	
Lower Swat Canal.				
1918-19	71,825	89,201	161,026	
1919-20	76,899	85,174	162,073	
1920-21	62,101	91,409	153,510	
1921-22	80,643	95,101	175,744	
1922-23	73,483	96,978	170,456	
1923-24	73,634	85,129	158,763	
1924-25	77,217	79,787	157,004	
1925-26	82,052	77,870	159,922	
1926-27	72,069	71,614	143,683	
1927-28	76,796	84,319	161,115	
1928-29	76,942	78,976	155,918	
1929-30	82,698	78,622	161,320	
Kabul River Canal.				
1918-19	24,399	21,570	45,969	
1919-20	24,504	21,269	45,773	
1920-21	22,955	23,118	46,073	
1921-22	27,379	23,949	51,328	Largest area on record.
1922-23	25,183	22,753	47,936	
1923-24	25,416	20,799	46,215	
1924-25	25,730	20,773	46,503	
1925-26	27,976	19,907	47,883	
1926-27	26,208	20,037	46,245	
1927-28	26,705	22,146	48,851	
1928-29	27,270	20,671	47,941	
1929-30	28,295	19,810	48,105	

Year.	Area irrigated in acres.			Remarks.
	Kharif.	Rabi.	Total.	
Upper Swat Canal.				
1918-19	41,047	84,335	125,382	
1919-20	50,978	87,216	138,194	
1920-21	38,165	109,263	147,428	
1921-22	72,704	113,131	185,835	
1922-23	62,804	119,029	181,833	
1923-24	57,881	96,555	154,436	
1924-25	59,144	92,905	152,049	
1925-26	67,203	93,473	160,676	
1926-27	67,086	90,923	158,009	
1927-28	72,819	108,828	181,647	
1928-29	79,264	116,022	195,286	
1929-30	89,643	119,366	209,009	Largest area on record.

It will be observed that there is a certain parallelism in the fluctuations in the area irrigated under each of the canals and the fluctuations are not confined to the Upper Swat Canal alone. Prior to 1926-27, in respect of the area irrigated the peak was reached in 1921-22 ; thereafter, the increase was arrested and there was a gradual fall under all the canals till 1926-27 when it again began to rise. Further, of the three canals the Upper Swat Canal was the last to be constructed, having been opened from about 1916. We understand that practically all the distributaries have now been laid out and that two important distributaries have been added during the last few years which are stated, on full development, to irrigate about 17,500 acres. We are therefore inclined to think that the fall in irrigated areas between 1923-24 and 1926-27 was not due so much the closing of the Division as to causes common to all the canal systems in the province and that the rise in recent years is due more to normal growth and extensions of distributaries than to the reopening of the Division. The works outlay (which relates largely to maintenance and repairs) for the years 1930-31 and 1931-32 is less than 3 lakhs. We consider that the Upper Swat Canal may now be regarded as a more or less settled system like the other canals and that a single Division should suffice for the future. But it may be necessary to retain some of the sub-Divisions of the Division abolished, making a suitable redistribution of work. The savings would be in the neighbourhood of Rs. 40,000.

4. But the most important development, and certainly that which has most affected the staff of the province, was the decision made last year that the complete management, technical and revenue, of the so-called civil canals, which had been previously in charge of district officers, should be transferred, as an experimental measure for three years, to the Irrigation Department, functioning in close touch with the Deputy and Revenue Commissioners. The transfer appears to have been

made in pursuance of the recommendation contained in the following extract from the Report of the Royal Commission on Agriculture :—

> 'We would suggest that the possibility of transferring the most important district canals, if not all of them, to the charge of the Irrigation Department should be examined. If for reasons of the existence of which we are not aware there are objections to the transfer of the canals to the Irrigation Department we are of opinion that steps should be taken to ensure that the Deputy Commissioners have the assistance of a competent staff in dealing with them.'

5. The transfer resulted in the creation of a post of Chief Engineer and 2 Divisions, and the scheme is estimated to cost 3 lakhs per annum, 1 lakh under maintenance and repairs and 2 lakhs under establishment which is stated to be the minimum establishment —at least in the earlier stages. We understand that what the Irrigation Department is trying to do is to get better alignment, more *pucca* head works and drainage works. We have discussed this subject carefully with the Consulting Engineer to the Government of India and the Chief Engineer, North-West Frontier Province. We are informed that the canals are scattered all over the province in all sorts of nooks and corners and serve very small areas—sometimes 10 acres. Petty works of a somewhat similar nature are generally attended to elsewhere by the revenue department. We are inclined to think that the existing experimental arrangement in the Frontier Province, is an expensive one and that, in the interests of economy, the question of the retransfer of these canals to the revenue authorities should be examined at an early date. We recognise that the canals might have required improvements. But once the important improvements are completed it should in our opinion be feasible to hand them over to the revenue authorities. As the Irrigation Department started work on these canals—particularly the canals in the Dera Ismail Khan District which were understood to be in a specially unsatisfactory condition—last year, we suggest that the position might appropriately be reviewed before the close of this year with a view to decide whether the canals cannot be handed back to the revenue authorities from next year. We estimate that this will result in appreciable savings—say 1½ lakhs—even after making increased provision for their maintenance by district officers.

6. In any case, we consider that the retention of two posts, namely, a Superintending Engineer and a Chief Engineer cannot be justified, and we suggest the abolition of the post of Superintending Engineer from next year, saving about Rs. 25,000 per annum.

7. We have also reviewed the procedure of assessment and the maintenance of the records of assessment. In this connection, we were authoritatively informed that the Deputy Collectors employed in the Public Works Department to assist in assessment were a fifth wheel in the coach and that they could easily be dispensed with. We accept the recommendation. This would result in recurring savings to the extent of about Rs. 15,000—there is a provision of Rs. 15,300 in the Demand for Grants for 1931-32.

8. It is also understood that it is contemplated to introduce a new method of registering the irrigation which is calculated to do away with the enormous labour in abstracting the demand statement. This would mean a recurring annual saving of about Rs. 7,500 in the cost of the revenue staff.

9. We were informed that it was proposed to try another, and more sweeping change, namely, the introduction of a fixed assessment which would do away with the necessity for an expensive revenue staff altogether. We have no comments to make on this beyond stating that it is a proposal worth trying.

10. Another suggestion which we discussed with the authorities was to make the owners directly resposible for the payment of water rates instead of through the agency of lambardars who are paid commission for their services. We do not see any objection to this being done. Considering that the change would result in a saving of about Rs. 50,000—this is the provision included in the Demands for Grants for 1931-32—we suggest that the feasibility of giving effect to it be examined by Government at an early date.

11. While on the subject of assessment we wish to remark that it is not clear to us why the work of assessment could not be transferred to the revenue authorities who have already got a staff for assessing and collecting land revenue ; and the transfer of the work relating to irrigation assessments would, if at all, require very little additional establishment, while the cost of the revenue staff (excluding the Deputy Collectors mentioned in a previous paragraph) working in the Public Works Department at present is about 1 lakh. We are aware that the existing arrangement is supported by the practice obtaining in the Punjab. We are, however, informed that at least in one other province the work is done by the revenue authorities and that the arrangement has been both economical and satisfactory.

12. The marked increase in expenditure in Baluchistan since 1929 is due to a more forward policy in the matter of providing irrigation facilities. Prior to that year, the only Government irrigation works in that area were one or two comparatively insignificant canals in charge of an Assistant Engineer. In that year a temporary post of Superintending Engineer and of Executive Engineer were sanctioned for a period of two years, and this has been subsequently extended by another two years. The position at present appears to be that a survey of the irrigation possibilities has been made and an ordered programme of development has been drawn up. Three fairly large schemes have been completed or are about to be completed. It is very unlikely that any large schemes will be undertaken in the near future, and considering that the works outlay even at present cannot be regarded as heavy—it was 3,04,000 in 1929-30, 5,36,000 in 1930-31 and a provision for 3,41,000 exists in the budget for 1931-32—we are of opinion that it is unnecessary to retain the post of Superintending Engineer. We would not recommend the abolition of the (other additional) post of Executive Engineer. We not only recommend that that post may for the present be continued, but also a post of Assistant Engineer may be created to enable the Executive Engineer to devote sufficient attention to any

important problems that may arise in connection with the Sukkur Barrage and other cognate matters.

13. The creation of the Central Bureau of Irrigation was recommended by the Royal Commission on Agriculture which stated that it might be suitably placed in charge of the Consulting Engineer to the Government of India. Its main functions were to establish and maintain a comprehensive library of irrigation publications needed by provincial offices. It was meant to be something more than a mere repository of information and a centre for answering enquiries and was expected to reach a wider public than the Irrigation Department. We are informed that the Government of India have agreed to find the cost of the Bureau for the current year after which date it would require to be borne by the provinces. The provision for the current year is Rs. 35,000 which includes the cost of an officer (on the pay of an Executive Engineer *plus* Rs. 400 special pay) and a small subordinate staff. It is understood that Madras has declined to contribute, that Bombay has also declined to pay and that Bengal has not yet replied. We consider that the Central Bureau should be abolished unless the provinces are prepared to contribute their full share of the expenditure, and even then we consider it unnecessary to have a full time officer. In our opinion, such work as may require to be done in this connection may conveniently be entrusted to the technical personal assistant to the Chief Engineer (suggested in paragraph 51 of this report) and under the control of the Chief Engineer. As compared with the provision made this year the savings would roughly amount to Rs. 33,000.

Conclusions.

14. Having reviewed the expenditure under the head 'Irrigation' we recommend that—

(1) the work of the two existing divisions for the Upper Swat Canal in the North-West Frontier Province be amalgamated under one division resulting in a recurring saving of about Rs. 40,000 ;

(2) the experimental arrangement in the North-West Frontier Province in respect of the so-called civil canals be reviewed at a very early date with a view to decide whether they cannot be made over to district officers from next year. This will give a recurring saving of Rs. 1½ lakhs ;

(3) the post of Superintending Engineer (with his personal staff) in the North-West Frontier Province be abolished from next year, saving Rs. 27,000 per annum ;

(4) the 3 posts of Deputy Collectors employed in the Irrigation Department to assist in assessment work be abolished, saving Rs. 15,000 per annum ;

(5) the procedure for the registration of irrigation be improved, saving Rs. 7,500 per annum ;

(6) the feasibility of making owners of land directly responsible for the payment of water rates instead of through lambardars be examined. This will save about Rs. 50,000 per annum, being the provision made at present for fees to lambardars ;

(7) the question of transferring the assessment from the Irrigation to the Land Revenue Department be examined so as to do away with the special revenue staff employed in the former department at a cost of Rs. 1 lakh per annum ;

(8) the temporary post of Superintending Engineer in Baluchistan be abolished and a post of Assistant Engineer created to assist the Executive Engineer, saving Rs. 20,000 per annum ;

(9) the Central Bureau of Irrigation be either abolished or other arrangements be made to carry out its functions as explained in paragraph 13, saving Rs. 33,000 per annum.

Section II.

Civil Works (and Frontier Watch and Ward).

15. The following table shows the expenditure under Civil Works (and Frontier Watch and Ward) in 1924-25 and the provision in the budget for 1930-31 and 1931-32. For making a proper comparison the figures (under the principal sub-heads of expenditure) relating to outlay on buildings and communications connected with the defence of the Frontier recorded in the accounts under a separate head ' Frontier Watch and Ward ' since 1927-28 have been shown separately from the figures for Ordinary Civil Works :—

(In thousands of rupees.)

	Actuals 1924-25.		Budget 1930-31.		Budget 1931-32.	
	Ordinary Civil Works.	Watch and Ward expenditure.*	Ordinary Civil Works.	Watch and Ward expenditure.	Ordinary Civil Works.	Watch and Ward expenditure.
Expenditure in India.						
Works	40,49	36,00	61,07	41,30	28,14	18,57
Repairs	55,27	14,00	82,17	26,35	80,50	26,02
Establishments	19,23	6,60	29,27	10,21	22,89	7,15
Tools and Plant	1,77	50	2,90	89	2,58	64
Grants-in-aid		53		4,24		2,73
Suspense		2,38		5,56		—1,10
Reserve		..		4,68		3,77
Appropriation to Road Development Fund.		..		1,08,00		1,01,00
Deduct—Cost of English stores and establishment.		—19		—84		—25
Deduct—Amount to be recovered from the Road Development Fund.		..		..		—57
Deduct—Probable savings ..		..		—14,82		..
Total ..		1,76,58		3,60,98		2,92,07
Expenditure in England ..		84		1,21		1,60
Loss by exchange		31		..		..
Grand total ..		1,77,73		3,62,19		2,93,67

* Approximate figures only.

16. We shall first deal with Ordinary Civil Works. Under Original Works the provision for the current year is distributed as follows :—

Major Works—Works in progress ..	..	20,62,300
New Works ..	..	47,500
Minor Works ..	..	7,04,000
Total	..	28,13,800

We understand that contracts or agreements of some kind have been entered into for nearly all the major works and that most of the works are nearing completion. In the circumstances, we do not wish to suggest postponement of expenditure. We observe that the works in progress would probably require a provision of about 5 lakhs next year. If no new works are undertaken—and we definitely recommend they should not—the provision under the head 'Original Works—Major Works' could be reduced by about 15 lakhs next year.

As regards minor works, we suggest that immediate steps be taken to ascertain the exact extent of existing commitments and the expenditure this year be limited to that amount. The provision for next year should be susceptible of substantial curtailment and we recommend that provision should be made only for emergent works, saving about 4 lakhs.

17. The expenditure on repairs has risen from about 54 lakhs in 1924-25 to about 80 lakhs at present. We feel that there is scope for considerable reduction. In regard to buildings, we consider that the standard of repairs might be safely relaxed. We recognise, however, that in regard to communications the standard of repairs cannot be lowered to the same extent as in the case of buildings. Having regard also to the fall in prices of materials (and possibly wages) we recommend that the provision for next year for repairs to buildings be reduced by 15 per cent. and to communications by 5 per cent. and the budget for 1932-33 be limited to 71 lakhs, saving Rs. 9 lakhs.

18. The Public Works Department has reported that the following cuts could be made in the provision for this year. We accept the proposal :—

(*a*) Under the Chief Commissioner, Delhi.—

Minor works ..	..	17,400
Repairs ..	..	32,100

Grants in aid to Delhi Municipality—Expenditure of Rs. 25,000 can be postponed till next year.

(*b*) Under the Chief Engineer, Delhi.—

Major works (postponements) ..	..	35,000

Minor works—(the allotment under this head has already been considerably reduced).

Repairs ..	..	1,36,000

19. *Establishments.*—This can be sub-divided as follows :—

(*a*) *pro-rata* distribution of charges incurred by the Delhi (or Central) Public Works Department,

(*b*) charges of the Military Engineering Service in the North-West Frontier Province and Baluchistan, and

(*c*) charges in other areas.

20. The charges falling under the first category will be considered in connection with the outlay on New Delhi.

21. As regards the second category, the position appears to be that, both in the North-West Frontier Province and Baluchistan, the construction and repairs of buildings and roads are done by the Military Engineering Service and not by the Civil Public Works Department which attends only to irrigation. We have examined, with particular reference to the North-West Frontier Province, whether the buildings and roads and irrigation branches cannot be amalgamated under the Civil Public Works Department. The point has also been considered by the North-West Frontier Province Subjects Committee, *cf.*, paragraphs 16 to 23 of their report. The amalgamation is expected to result in savings to the extent of about 1¼ lakhs to the civil budget ; but unless it is feasible to reduce the Military Engineering establishment correspondingly the arrangement is not likely to be economical to the central revenues as a whole. This aspect of the case would require to be studied further in consultation with the Sub-Committee dealing with retrenchments in the Army Department.

22. In regard to the third category, we have the following observations to make.

23. The following statement shows roughly for the administrations mentioned the cost (less recoveries) of establishment and works outlay :—

	Establishment charges.		Works outlay.	
	Budget, 1930-31.	Budget, 1931-32.	Budget, 1930-31.	Budget, 1931-32.
	Rs.	Rs.	Rs.	Rs.
Rajputana ..	1,48,000	1,56,000	6½ lakhs	4½ lakhs.
Central India	1,48,000	1,52,000	4½ lakhs	4¾ lakhs.

The superior staff in Rajputana consists of 1 Superintending Engineer, 1 Executive Engineer and 3 Assistant Engineers, and in Central India of 1 Superintending Engineer and 2 Assistant Engineers. We consider that the volume of work done hardly justifies the heavy establishment charges.

We note that the Inchcape Committee recommended the amalgamation of the Public Works establishments in these areas and the retention of only 1 Superintending Engineer and 2 Executive Engineers which would effect a saving of Rs. 40,000 and that reductions should also be made in the subordinate staff. We agree that substantial reduction should be possible. As, however, the two administrations appear to be practically independent of each other and the principal Public Works Department officer in each area is also understood to be Secretary to the administration concerned in respect of Public Works in that area, our own recommendation would be somewhat different. We

would suggest that the post of Superintending Engineer (with corresponding subordinate staff) may be abolished altogether in both the areas and a post of Executive Engineer sanctioned for Central India in lieu of the post of Superintending Engineer. The savings would roughly amount to Rs. 45,000.

24. *Andaman and Nicobar Islands.*—Similarly, in the Andaman and Nicobar Islands the cost of establishment is about Rs. 64,000, while the provision for works outlay (mostly on repairs) was roughly 2 lakhs in 1930-31 and is 2¼ lakhs for 1931-32. We understand that, in addition, a scheme for the reclamation of salt swamps is in progress for which a provision of Rs. 3,23,000 has been made this year. It is, however, expected to be completed this year. The superior staff consists at present of 1 Executive Engineer and 1 Assistant Engineer. The former post was sanctioned in 1929. With the completion of the reclamation work it is doubtful if the retention of 2 officers can be justified. We suggest that one of the posts with corresponding subordinate staff may be abolished. The savings would be roughly Rs. 15,000 or 7,000 according as the post abolished is that of Executive Engineer or Assistant Engineer.

25. We understand that the present cost of Consulting Engineer to the Government of India is more or less a revival of the old post of Inspector General of Irrigation the abolition of which was recommended by the Inchcape Committee on the ground that as, under the Montford Reforms, Local Governments exercised large powers in respect of irrigation a full time officer was hardly required and that, when the Government of India required advice on any important irrigation project, they could either place an officer temporarily on special duty or appoint a committee. The Government of India, however, decided that in view of the importance of irrigation questions (in respect of which they had still some responsibility) it was necessary for them to retain the services of an expert. The officer retained was, however, expected to do not only the duties formerly performed by the Inspector General but also to take over part of the work transacted in the Public Works Department Secretariat. We are, however, informed that the Consulting Engineer is at present simply an adviser in irrigation matters and that all work relating to buildings and roads is now done by the Chief Engineer, Central Public Works Department.

In this connection the following observations of the Royal Commission on Agriculture on the position created by the fact that the Government of India have certain responsibilities in respect of projects exceeding 50 lakhs are interesting :—

> " The postion thus created has given rise to difficulties and we were informed that it had been ascertained that whilst provincial governments were agreed that it was very desirable that they should be able to obtain a second opinion on their irrigation projects, they strongly objected to interference once a project had been sanctioned.
>
> The evidence we received in the course of our enquiry convinced us of the urgent need for the creation of an organisation which would not only enable provincial governments to obtain a second opinion in regard to the irrigation projects

but would also be in a position to give the Government of India authoritative advice in regard to the settlement of disputes between provinces arising out of claims to the same source of supply. In these circumstances, we welcome the recent constitution by the Government of India of a Central Irrigation Board, of which the Consulting Engineer to the Government of India and all the Chief Engineers for irrigation in the provinces are members. The Board will work through sub-committees consisting of those engineers with recent experience of works akin to those to be discussed. These sub-committees will be convened by the Government of India at the instance of the Local Government concerned when a new project is about to be sanctioned or when a province finds itself in difficulties in any technical matter. This arrangement has many advantages not the least of which is that, as the Government of India have the right to convene sub-committees for their own purposes, they have now a ready means of obtaining competent advice on such central questions as irrigation schemes affecting two provinces, or a province and an Indian State, and on irrigation schemes which they are required to submit for the sanction of the Secretary of State in Council. The Consulting Engineer to the Government of India is not necessarily a member of all sub-committees."

Having regard to the fact (1) that there is now an organisation of experts whose advice is available to the Government of India in the discharge of their statutory responsibilities, (2) that irrigation in central areas (for which the Government of India is directly responsible) is comparatively small, (3) that in the principal central area, namely, the North-West Frontier Province, where irrigation works of any magnitude exist, there is an officer of the rank of Chief Engineer who, even now, for all practical purposes is independent of the Consulting Engineer, and (4) the prospect of big irrigation works being undertaken in the near future is small, we consider that the post of Consulting Engineer should be abolished, resulting in an annual saving of about Rs. 67,000. Such work as may require to be done can be entrusted to the Chief Engineer, Central Public Works Department.

26. We understand that the Road Engineer with the Government of India is Secretary to the Road Conference and Standing Committee for roads, and that he also co-ordinates, through the Road Conference, certain technical standards for the whole of India. The appointment was recommended by the Indian Road Development Committee, and the cost (together with that of the subordinate staff) is met from the Road Development Fund. The Road Conference contains Chief Engineers and other experts from the provinces and meets periodically. Sub-Committees are appointed to examine and advise on questions of a technical character. We doubt whether the services of a full time officer are required for performing the functions required of the Government of India in respect of the co-ordination of road development. As in the case of the Central Bureau of Irrigation we are disposed to think that such work as may require to be done in this connection can appropriately be done by the technical Personal Assistant (already mentioned) to the Chief Engineer under

the latter's general control, a proportionate cost of the Personal Assistant's post and subordinate staff being debited to the Road Development Fund. The gross savings would roughly be Rs. 30,000, which would be mostly for the benefit of provincial governments.

27. Before leaving this part of the subject, we wish to refer to two points which have an important bearing on the cost of establishment. The first is that a more extensive use should be made of the lump sum contract system. The second point relates to utilising the agency of provincial governments for central works wherever possible. We understand that, except in the United Provinces and the Punjab, the agency of provincial governments is already being utilised. We suggest that the question of entrusting the central works in the Punjab and the United Provinces to the provincial governments be reviewed. We are aware that the United Provinces Government formerly did central works, but declined to continue as agents for the Central Government when it made over its local roads to local bodies and transferred provincial minor works and repairs to the departmental authorities. We consider that the practice of entrusting minor works and repairs to departmental authorities instead of the P. W. Department may also be adopted fully by the Central Government. If this is done, it is possible that the United Provinces, P. W. Department, would not object to undertake central major works, if any, and assist in respect of important minor works to the same extent as it does in respect of its own provincial officers.

28. The principal items under the head Grants-in-aid (amounting to 2½ lakhs) relate to Delhi. We were informed that the expenditure could not be postponed. We, however, understood that the grants were not part of a scheme spread over a number of years, and it is presumed that no provision would require to be made on this account next year, and the budget for next year could therefore be reduced by this amount.

29. We observe that the existing basis of assessment of rents of residential quarters results in loss to Government. The cost of site and preparing the ground is generally excluded from the capital cost for purposes of assessment. It is true that their inclusion may sometimes operate unfairly if assessments are made individually. If, however, rents at a particular station are pooled that difficulty could largely be got over. We suggest that the policy in the matter be reviewed so that the economic rent may be recovered from officers occupying Government residences.

Another point we wish to bring to notice is that, under existing rules, it is understood that the standard rent is limited to 6 per cent. of the capital cost. Considering that Government is borrowing money at about that rate, the standard rent barely meets the interest on the capital cost. In order to secure the recovery of the full economic rent (which of course includes charges for maintenance and repairs) we recommend that the limit of 6 per cent. be raised. This should not cause any serious hardship to officers as the rent to be recovered from them would be limited to 10 per cent. of their emoluments.

30. In this connection it is observed that the return on the capital invested in residential accommodation at Delhi is particularly poor even

on the basis of the existing standard rent as the following figures show :—

Capital cost.	*Standard rent.*	*Actual recovery.*
190 lakhs.	10.78 lakhs.	4.86 lakhs.

This is of course due to the fact that the bulk of the houses is occupied for only about 5 months in the year. Considering the heavy capital outlay, it seems necessary that all possible avenues should be explored to ensure an adequate return on the expenditure. To our mind it seems that the only satisfactory solution is rigidly to curtail the number of officers moving to Simla. It has been put to us that this might necessitate improvement of water supply and increased provision of fans involving considerable capital outlay. We understand that there is at present much wastage of water. One departmental witness informed us that the average consumption among the clerical staff was 96 gallons per head while in his own house it was something like 12 gallons per head. If the water supply is regulated carefully—restricting the hours of supply, if necessary—as is done in many big cities, it seems to us that it should be possible to meet the increased demand in the hot weather without much additional capital outlay.

We also understood that there was no serious shortage of accommodation and it would not be necessary for Government to build more quarters. More use may be made of the quarters built for members of the Legislature. Further, private enterprise is likely to step in readily once it is known that New Delhi would be occupied throughout the year.

The permanent location of the Government of India offices in Delhi would not only more than double the rent recoveries but also bring additional income by way of increased consumption of electricity.

We have not overlooked the fact that the stoppage of the move might result in some loss of rent in Simla. Having, however, regard to the fact that the outlay on Government residences in Simla is small compared to Delhi, the loss, if any, would be little. Besides, it is quite likely that houses in Simla would be rented by private people. If necessary, some of the offices may be permanently located at Simla.

31. We understand that the wages of malis employed to look after the gardens in the compounds of Government residences in New Delhi are at present borne by Government. It was explained that this was done to ensure that gardens in New Capital were maintained properly. We do not, however, see why they should not be recovered from the tenants. We recommend that this should be done. This would give a saving of about Rs. 13,000 if the residences are occupied for only 5 months in the year and about Rs. 30,000 if they are occupied for the whole year.

32. We now turn to the works expenditure recorded under the special head Frontier Watch and Ward. The expenditure on original works and repairs under this head rose from about 50 lakhs in 1924-25 to 67½ lakhs in 1930-31, and a provision of 47½ lakhs has been made for 1931-32. It has been reported that the department concerned has since effected a cut of nearly 5¾ lakhs and that it is proposed to conserve the savings for meeting demands in respect of lapsed grants (for which no reserve has been provided), and that the *net* savings would be surrendered in due course. We suggest that the extent of lapsed grants be ascertained immediately and the balance surrendered to Government.

33. We have been informed that the expenditure under this head which is mainly on communications is largely governed by political considerations. We have not been able to examine any representatives from the Foreign and Political and Army Departments on this point, and we cannot at this stage offer any practical suggestions for reducing expenditure. The subject would require to be further examined in consultation with the Army Retrenchment Sub-Committee.

Conclusions.

34. Having reviewed the expenditure under Civil Works (Ordinary) we recommend that—

(1) the provision for original works for 1932-33 be reduced to about 6 lakhs, a reduction of about 15 lakhs as compared with the provision for 1931-32 ;

(2) the provision for repairs to buildings and roads for 1932-33 be limited to 37 lakhs and 30 lakhs respectively, a reduction of 9 lakhs ;

(3) the provision for minor works be limited to works of an emergent nature, saving about Rs. 4 lakhs ;

(4) the two posts of Superintending Engineers in Rajputana and Central India be abolished with corresponding reduction in subordinate staff resulting in a saving of Rs. 45,000 per annum ;

(5) either the post of Executive Engineer or Assistant Engineer in the Andamans be abolished with corresponding subordinate staff, saving Rs. 15,000 or Rs. 7,000 per annum ;

(6) the post of Consulting Engineer with his staff may be abolished, saving Rs. 67,000 per annum ;

(7) the post of Road Engineer be abolished and that, as in the case of the Central Bureau of Irrigation, other arrangements be made to carry out the functions required of the Government of India in the matter, saving about Rs. 30,000 per annum ;

(8) the position regarding grants in aid to the Delhi Municipality be reviewed, the provision for next year being reduced by 2½ lakhs which is the contribution proposed to be paid this year ;

(9) the feasibility of entrusting central works to the Punjab and the United Provinces, P. W. D., be examined ;

(10) the basis of assessment of rents for residences supplied by Government be reviewed in order that full economic rent may be recovered, that the cost of site and preparing the ground be included in the capital cost of residences and that the limit of 6 per cent. of capital cost be raised ;

(11) in order to get an adequate return on the large capital outlay on residences in New Delhi, the staff moving to Simla be drastically curtailed ; and

(12) the wages of malis employed to look after the gardens in the compounds of Government residences be recovered from tenants, a saving of about Rs. 13,000 (or Rs. 30,000).

SECTION III.

Delhi Capital Outlay.

35. The Delhi Project estimate is roughly for 15 crores, and the expenditure up-to-date is roughly 14.7 crores. We are informed that there is very little prospect of new works being undertaken, though there are some works which require completion. We take it that from next year capital outlay on Delhi would be little or nil. The Chief Engineer has proposed to postpone certain works (costing about 3½ lakhs) for which provision has been made in the current year. If these works cannot be postponed indefinitely but *must* be undertaken next year, it might be preferable to finish them this year itself as it would facilitate any reorganisation that may be found necessary with reference to the changed conditions.

36. In this connection we wish to suggest that, considering that the project estimate is practically completed, the feasibility of closing the project estimate altogether from next year be examined. Until the project is closed recoveries made on account of electrical energy, water supply, etc., amounting roughly to 12 lakhs per annum will continue to be credited to Capital account.

37. Excluding the two electrical divisions, the distribution of work among the divisions at present is understood to be as follows :—

1st Circle—

(1) 1 division in charge of all work in the area administered by the Chief Commissioner and the United Provinces, except Dehra Dun.

(2) 1 division in charge of all work at Dehra Dun, Lahore and in the Punjab.

(3) 1 division in charge of " Services " work, that is work done for the New Delhi Municipality, water works, roads, storm water drains, sanitary works, etc.

(4) 1 sub-division for all horticultural work.

2nd Circle—

(1) 2 divisions in charge of original and maintenance work in New Delhi (one having work in Old Delhi also).

(2) 1 division in Simla.

38. We are informed that the separate division which formerly dealt with the construction of the Government House has been abolished from the beginning of this year, saving Rs. 21,800 this year and Rs. 39,600 next year.

39. It will be observed that the existing divisions deal not only with Delhi Capital outlay but also with other central work in Delhi, the United Provinces and the Punjab. The following table exhibits approximately

the grants for 1931-32 for each division separately under Delhi Capital Outlay and other expenditure :—

——	Delhi Capital Outlay.	Other works.	Total.	Remarks.
First Circle.	Rs.	Rs.	Rs.	
1. Provincial Division ..	3,37,000	3,12,000	6,49,000	
2. Dehra Dun Division ..	..	8,49,000*	8,49,000	* Forest Research Institute project 1,79,000, Punjab State agency 5,00,000.
3. Services Division ..	6,95,000	7,58,000	14,53,000	
4. Horticultural Division ..	52,000	4,32,000	4,84,000	
Second Circle.				
1. New Delhi A Division ..	4,25,000	4,56,000	8,81,000	
2. New Delhi B Division ..	2,21,000	3,73,000	5,94,000	
3. Simla Central Division ..	..	4,17,500	4,17,500	
Electrical Divisions.				
III. Project Division (electrical maintenance, etc.).	6,98,000†	2,04,000	9,02,000	† 5,00,000 adjustment of cost of fans.
VII. Project Division (generation of electricity, etc.).	2,81,000	1,46,000	4,27,000	
Reserve and Miscellaneous ..	6,61,000			

40. Many of the works under ' Capital Outlay ' are expected to be finished this year, and if the Project estimate is closed as suggested above or the allotment for capital works (or major works) from next year onwards is going to be strictly limited, as recommended by us, we consider that the number of divisions should be susceptible of reduction. In our opinion, the work of the Dehra Dun Division would be reduced considerably when the major works relating to the Forest Research Institute and the Punjab States agency are completed this year. We suggest that it may be converted into a sub-division from next year. And, if minor works and petty repairs are taken over by the departmental authorities and the United Provinces Government is also prepared to undertake other central works, it would not be necessary to maintain even a sub-division at Dehra Dun. With the completion of the Punjab States agency quarters this year the Lahore sub-division may be abolished altogether, and the miscellaneous central works in the Punjab might either be done by the Dehra Dun sub-division (if it is not abolished) or entrusted to the Punjab Government. We have reason to believe that the Punjab Government would be prepared to act as agents of the Central Government.

The Simla Division appears to be a light charge. There are at present 3 sub-divisions. It would be possible to reduce the number of sub-divisions by one and include the Dehra Dun sub-division (if not abolished) in the Simla Division.

Similarly, we suggest the abolition of the Provincial Division and the retention of one or two sub-divisions instead, the sub-divisions being attached either to the present A or B Division.

41. Our proposals therefore amount to reducing the number of regular divisions in the 1st and 2nd circles from six to four. We are not in a position to state definitely the resultant savings. Roughly, we estimate that the savings under the heads ' Pay of Officers ' and ' Subordi-

nate Engineering Establishment' would be in the neighbourhood of Rs. 50,000.

42. With the reduction in capital expenditure and the reduction we propose in the number of divisions we consider that it should be possible to dispense with one post of Superintending Engineer. The savings would be roughly Rs. 27,000.

43. The superior staff includes a number of 'Specialist officers', *e.g.*, Architects and Electrical Engineers. We are informed that the present position regarding the staff of architects in Delhi is that one post of assistant architect and two posts of architectural assistants are being brought under reduction, leaving one architect and one assistant architect. The architect is reported to be primarily required for the buildings at Delhi though he is sometimes called upon to draw designs for central buildings elsewhere also. We are not clear whether there is sufficient work to justify the retention of two officers. The Chief Engineer considers that, for the present at any rate, there is enough work for an architect and an assistant architect, especially as the architect is also required by the Municipality to approve plans of buildings proposed to be constructed by private persons. We would, however, substitute an architectural assistant for an assistant architect.

The special staff employed on the generation and distribution of electrical energy consists of one electrical and mechanical engineer, two electrical engineers, two electrical and mechanical sub-engineers and two electrical and mechanical subordinates. We understand that the post of electrical and mechanical engineer is being brought under reduction. We consider that it should be possible to reduce the electrical staff further, and we suggest that one post of electrical engineer may also be abolished.

It is understood that the post of assistant quantity surveyor has already been abolished.

Now that the work connected with the Capital is practically completed we do not see any necessity for continuing the post of the Sanitary Engineer (which is of the rank of a Superintending Engineer). We have been informed by the departmental authorities that for Government work alone it would not be necessary to retain the post. There, however, appears to be a proposal that the services of the Sanitary Engineer should be shared by the Joint Water Board, the Municipal Committee in Old Delhi, the Cantonment authorities and the Notified Area. So far as Government work is concerned we feel that the post may be abolished altogether. The Executive Engineer in charge of the Services Division, Delhi, would appear to be sufficient for the work required to be done in future.

The recommendations made in this paragraph are expected to result in a saving of Rs. 1,06,000 against Rs. 57,200 proposed by the Chief Engineer.

44. In making the above proposals we have not ignored the fact that there is a proposal to transfer to the New Delhi Municipal Committee all activities connected with the generation and distribution of electrical energy, water supply and drainage, etc. As the Municipal Committee would rely to a large extent on subventions from Government, it seems to us necessary that superfluous establishments, if any, should be carefully pruned before such a transfer takes place.

45. In regard to office establishment, the Chief Engineer estimates savings to the extent of Rs. 43,800. We consider that there is scope for further economy. The number of clerks and draftsmen appears to be large. Having regard to the reduced capital outlay and the decrease in the number of divisions proposed by us, considerable reduction in office establishment should be feasible. We would therefore increase the Chief Engineer's figure to Rs. 80,000.

46. For arboriculture and horticulture work there are two gazetted officers at present, namely a Superintendent on about Rs. 1,000 and an Assistant Superintendent on about Rs. 600. We consider that one gazetted officer should suffice on a pay somewhat less than what is being drawn by the present Superintendent, saving of Rs. 10,000.

47. In respect of miscellaneous appointments controlled by the Chief Engineer, such as works assistants, store-keepers, etc., the Chief Engineer has proposed savings to the extent of Rs. 63,900. We accept his proposal.

A cut of Rs. 32,500 has been proposed in the provision for the Central Accounts Office, Public Works Department. We understand that a reorganisation of the accounts office is contemplated and that it is proposed to decentralise the work. This arrangement is estimated to result in a further saving of about Rs. 40,000.

48. The Chief Engineer estimates a saving of Rs. 17,000 under travelling allowances. In view of the reductions in staff proposed in the foregoing paragraphs, this figure may be increased to Rs. 25,000.

49. We understand that the superior officers of the Central Public Works Department are in receipt of motor car and motor cycle allowances. Now that the construction period is practically over, we do not see any justification for the continuance of these allowances. We recommend that they should be discontinued, saving Rs. 25,000 per annum.

50. In regard to works expenditure, we have been informed that savings to the extent of 3½ lakhs can be effected by postponing certain works. We do not know whether it is proposed to postpone the works in question indefinitely. In this connection we would invite attention to our remarks in paragraph 35 above.

51. If the recommendations made by us in the last two sections are accepted, in place of the Consulting Engineer to the Government of India and the Chief Engineer for Buildings and Roads (whose work would considerably be reduced by the proposals made in the foregoing paragraphs) there will be a Chief Engineer to the Government of India in charge of both Buildings and Roads and Irrigation, and in view of our recommendations to abolish the posts of officer in charge of Central Bureau of Irrigation and Road Engineer, we suggest that the Chief Engineer be given a technical Personal Assistant on the pay of an Executive Engineer without any special pay and that the present non-technical post of Personal Assistant on a pay of Rs. 1,700 per mensem which is on a temporary footing be abolished, and a post of office Superintendent or Manager be created on a pay of about Rs. 500.

Conclusions.

52. Having reviewed the expenditure under the head 'Delhi Capital Outlay' we recommend that—

(1) the project estimate be closed altogether from next year ;

(2) the number of divisions be reduced by 2 (in addition to the division already abolished this year), saving Rs. 90,000 roughly per annum under ' Pay of Officers ', and ' subordinate engineering staff ';

(3) one of the posts of Superintending Engineers be abolished, saving Rs. 27,000 per annum ;

(4) the specialist staff be curtailed, saving Rs. 1,06,000 per annum ;

(5) reductions be made in office staff, saving Rs. 80,000 per annum ;

(6) reduction be made in miscellaneous appointments such as Superintendent and Assistant Superintendent, Horticulture, works assistants, etc., saving Rs. 73,900 per annum ;

(7) the accounts work be decentralised, saving Rs. 72,500 per annum ;

(8) the motor car and motor cycle allowances drawn by the supervising staff be discontinued, saving Rs. 25,000 per annum ;

(9) the grant for travelling allowance be reduced by Rs. 25,000 (excluding the savings mentioned above consequent on the withdrawal of conveyance allowances) ;

(10) the post of non-technical Personal Assistant on Rs. 1,700 per mensem be substituted by a technical Personal Assistant on the pay of an Executive Engineer (without any special pay) and an office Manager or Superintendent on a pay of about Rs. 500 ;

(11) savings to the extent of 3½ lakhs under works expenditure be accepted if the works can be postponed indefinitely.

PART II.

Accounts and Audit Department.

53. The following table shows the growth of expenditure on accounts and audit since 1924-25. It includes only expenditure relating to Civil Accounts and Audit and Army Audit. The expenditure relating to Postal Accounts and Audit and Railway Audit is debited to the Departments concerned and will be dealt with separately :—

——	1924-25 Actuals.	1930-31 Budget.	1931-32 Budget.
Expenditure in India.	Rs.	Rs.	Rs.
Pay of Officers	18,62,895	23,91,200	23,66,000
Pay of Establishments	55,13,047	85,90,013	88,82,300
Establishment charges paid to other Governments, etc.	88,985	9,420	13,700
Allowances, honoraria, etc.	6,48,538	9,61,431	8,80,000
Supplies and Services and Contingencies.	4,53,347	6,81,700	4,38,900
Works	..	7,200	7,200
Deduct—Recoveries from other Governments, etc.	—9,03,533	—11,28,464	—9,03,100
Deduct—Probable savings	..	—28,500	—29,000
Total ..	76,63,279	1,14,84,000	1,16,56,000

54. The increase in expenditure is chiefly attributable to the following causes :—

(1) Normal expansion of work ;

(2) Revision of scales of pay and the accrual of increments in time scales of pay ;

(3) Creation of the Commercial Audit Branch ;

(4) Separation of accounts from audit in the Civil Departments.

55. We have received a very valuable memorandum from the Auditor General suggesting possible lines of economy and we have also discussed the subject carefully with him. His advice and co-operation has materially lightened our task.

56. The Auditor General is of opinion that while, under a strict interpretation of the statutory position, he alone has authority to determine what expenditure it is necessary to incur on audit in order that audit may be efficient, he is prepared to hold that his responsibility would be sufficiently discharged if he set up a reasonable standard of efficiency with due reference to the circumstances of Government as a whole and their capacity from time to time to finance all the administrative services for which they are responsible. We fully appreciate the Auditor General's attitude in the matter.

57. Our proposals for retrenchment in the Accounts and Audit Department are examined in the following paragraphs. They follow to a certain extent the suggestions made by the Auditor General and also include such points as suggested themselves to us in our examination of the evidence.

58. We have generally examined whether any economy could be effected by simplifying accounting processes and forms and curtailing (or abolishing) audit processes. A definite conclusion on this point can only be reached if the subject is investigated in detail by an expert. From the evidence we have received, it however appears that, although some simplification may be possible, it is not likely to lead to any appreciable savings. Further, the simplification of accounts and audit depends to a large extent on the nature of the transactions to be accounted for which again is largely determined by the policy and practice of the administration. In any case, as the whole accounting system might be affected by the impending constitutional changes, we do not recommend any detailed investigation of this subject at present.

59. As a *temporary* measure, however, the Auditor General proposes to relax audit (both central and local) for about two years and secure economies to the extent of Rs. 4½ lakhs per annum in the civil offices. The proposals, he informs us, involve taking a certain amount of risk, but, in view of the financial stringency, he is prepared to take it and do his utmost to minimise that risk. We accept the Auditor General's recommendation.

60. We have carefully studied the organisation of the Department and the relations between the headquarters office and the subordinate offices. It has been represented to us by practically all the witnesses who appeared before us that there exists a certain amount of unnecessary centralisation and duplication of work at headquarters, and if that were reduced and local Accountants General who are responsible officers were

given a freer hand, the Auditor General ordinarily functioning as the administrative head of the Department and a court of appeal when there is a difference of opinion between a Government and its 'Principal Auditor', the headquarters establishment could be considerably curtailed. We recognise that the Auditor General cannot altogether divest himself of his statutory responsibilities and that a certain degree of centralisation is inevitable under present circumstances. We understand from the witnesses themselves that control from headquarters is now being relaxed. We have discussed this question with the Auditor General who assured us that he was steadily following the policy of decentralisation, and he mentioned to us some instances of the decentralisation that had been effected since he took office. We also understood that when this process of reform was completed, some economies might be expected in his own office and that he had already made a beginning by abolishing (or converting) certain selection grade posts.

61. The gazetted staff of the headquarters office as on 1st April 1925 and 1st April 1931 is given below :—

1st April 1925.	*1st April 1931.*
1 Auditor General.	1 Auditor General.
1 Deputy Auditor General, Class I.	1 Controller of Civil Accounts.
1 Assistant Auditor General, Class I.	2 Deputy Auditors General, Class I.
2 Assistant Accounts Officers.	1 Assistant Auditor General, Class II.
	3 Assistant Accounts Officers.
5	8
For inspection.	
2 Deputy Auditors General.	2 Deputy Auditors General.

62. The Auditor General has suggested that the Deputy Auditor General's inspection of the offices of Accountants General and other subordinate offices of accounts and audit might be dispensed with. In order, however, to mitigate the loss of efficiency, he proposes to retain two or three of the present staff of inspecting accountants and place them in turn at the disposal of Accountants General for such test check of the work of the various branches of their office as may be considered desirable. These accountants would work strictly under the control of the Accountant General and submit their report to him and not to the Auditor General. Under this proposal two superior posts (Class I) in the Indian Audit and Accounts Service can be abolished. In addition, this measure of decentralisation is expected to result in some reduction of work both in the Auditor General's own office and in the offices of Accountants General.

63. We consider that, having regard to the policy of decentralisation followed by the Auditor General, it should be possible to reduce the gazetted staff of his main office to some extent. We suggest that the feasibility of dispensing with the post of Assistant Auditor General or an Assistant Accounts Officer be examined.

64. The Auditor General proposes to replace the two class I posts of Deputy Auditors General in the main office by a class II post and a post of Assistant Accounts Officer, provided the post of Controller of Civil Accounts is not touched. We understand that the conversion of one of the class I posts into class II is to be regarded as experimental only. We accept the proposal regarding the class I posts, but we wish to offer the following remarks regarding the post of Controller of Civil Accounts. We have been informed that the Controller of Civil Accounts was primarily intended to act (under the Auditor General) as the intermediate head of the civil accounts offices and to relieve the Auditor General of some of the weight of the administration of those offices and so leave him free time for other important activities. In practice, however, he is stated to have become the Auditor General's Chief of the Staff or, in other words, a true Deputy Auditor General who, *inter alia*, is available at any time to assume, as proxy, the functions and responsibilities of the Auditor General in relation to *all* subordinate accounts and audit offices on the one hand and Government on the other. The Auditor General considers that his Deputy Auditors General who are officers of class I and junior to all Accountants General cannot be allowed to deputise for him. We agree that the Auditor General should have as his Deputy an experienced officer, senior in rank to a class I officer, who could be expected to assist him satisfactorily in the work of day-to-day administration, but we do not admit that the Deputy should be of the high status of the Controller of Civil Accounts. We consider that for all practical purposes it should suffice if the officer is of the rank of an Accountant General. We feel that a senior Accountant General (*i.e.*, class I Accountant General) should be able to function as usefully as the Controller of Civil Accounts. We, therefore, recommend that the post of Controller of Civil Accounts be replaced by that of an Accountant General. This means an addition of one post to the last grade of Accountants General, saving about Rs. 12,000 per annum.

65. The Auditor General has stated that it would be feasible to replace two class I posts of Deputy Directors of Army Audit by two class II posts. We accept the suggestion.

We also accept the view that the status of the post of Audit Officer, Lloyd Barrage, which is at present an Accountant Generalship might be reduced to that of class I.

66. In connection with the replacement of a more expensive by a less expensive agency, we have also considered whether a proportion of class II officers cannot be substituted by the cheaper agency of Assistant Accounts Officers. We understand that this question has been carefully examined in the past, that the composition of the cadre has been fixed on a detailed consideration of the conditions of work in each of the

accounts and audit offices, and that the proportion of subordinate charges held by Assistant Accounts Officers is roughly 50 per cent. of the total of such charges. We agree that it would not be possible to convert more than five or six class II posts in this way, giving a saving of about Rs. 12,000.

67. We observe that the cadre of the Indian Audit and Accounts Service contains a leave reserve of 26 officers. From the point of view of economy it would appear to be desirable to curtail the leave reserve—if it cannot be done away with altogether—and to fill leave vacancies by temporarily promoting members of the Subordinate Accounts Service as Assistant Accounts Officers. We, however, understand that the total abolition of leave reserve would be administratively inconvenient and that if it is proposed to cut down the leave reserve the reduction should be limited. We suggest that, as a measure of economy, the leave reserve may be cut down by 50 per cent. which means a reduction of 13 posts in the cadre of the Indian Audit and Accounts Service resulting in a net saving of about 1 lakh, after making a corresponding addition to the leave reserve in the clerical grade.

68. Another point connected with the cadre which has been brought to our notice is the employment of I. C. S. officers in the Indian Audit Department. We understand that seven posts in the Indian Audit and Accounts Service are at present reserved for the members of the Indian Civil Service ; three of these are posts of Accountants General reserved under the Government of India Act ; the remaining four posts are not secured by statutory authority. We are informed that members of the Indian Civil Service admitted to the Indian Audit Department receive slightly higher emoluments than the members of the Indian Audit and Accounts Service (proper), as most of them are entitled to overseas pay and other Lee Concessions and, when employed otherwise than as Accountants General, they receive the time scale of pay for the I. C. S. *plus* an allowance of Rs. 200 per month. Whatever may have been the reasons for employing members of the Indian Civil Service in the past, we are of opinion that, in the interests of the Department itself, it is no longer necessary to continue their recruitment. We, therefore, suggest that the statutory obligation to employ three Indian Civil Service officers be removed. And if a large measure of economy is to be effected in the near future in the Audit Department, it would be necessary for Government to withdraw some, if not all, of the existing members of the I. C. S. employed in the Audit Department. It would probably be unfair to revert the three officers holding the posts of Accountants General substantively. We suggest that the officers holding the four non-statutory posts may be reverted and those posts replaced by posts in class II of the Indian Audit and Accounts Service. Apart from passage concessions and higher pension, the savings would roughly amount to about Rs. 45,000.

69. We recommend that the minimum pay of Rs. 1,000 fixed for certain posts of Deputy Accountants General be abolished and that the special pay of Rs. 100 attached to certain posts of Deputy Accountants General be discontinued. Saving Rs. 12,000.

70. The Auditor General proposes to surrender the recurring allotment of Rs. 30,000 placed at his disposal for the grant of special pay. The surrender should be accepted.

71. There are certain other posts which carry special pay, *e.g.*, Accountant General, Burma, Audit Officer, Stores Department. We suggest that all such cases be carefully reviewed and the special pay abolished or reduced as the case may be. We understand this is already receiving the attention of the Auditor General.

72 A number of posts carry compensatory allowances, *e.g.*, Examiners of Local Fund Accounts, Examiner, Customs Accounts. We feel that the allowances should be reduced and suggest that they may be cut down by 50 per cent.

73. Besides, officers stationed at certain stations, for example, Calcutta, Bombay, Madras, receive compensatory and house rent allowances. These allowances were fixed at a time when prices and house rent were high and in our opinion require to be reviewed.

74. It has been suggested to us that it is unnecessary to retain the Commercial Audit Branch of the Audit Department as a separate entity. The evidence that we have received is practically unanimous that it is no longer necessary to retain a separate Commercial Audit Branch and that it can conveniently be decentralised and its functions transferred to provincial Accountants General. We are informed that the change is likely to result in a considerable reduction in direct expenditure amounting to not less than a lakh of rupees per annum. It has been stated that correct principles of organisation, and other important considerations also, require commercial audit to be decentralised and amalgamated with the provincial accounts and audit organisations dealing with other classes of transactions. We also understand that provincial Accountants General can be trusted to carry on the work that is at present done under the control of the Director of Commercial Audit, and that, as a matter of fact, even at present, the Commercial Branch of the Audit Department has nothing to do with the two big commercial departments of Government, namely, the Railways and the Posts and Telegraphs. We, therefore, recommend that the Commercial Audit Branch be decentralised. With the decentralisation the headquarters organisation of the Commercial Audit Branch would also disappear. It might, however, be necessary to retain the Director of Commercial Audit for some time, that is, till the reorganisation and installation of the new system in the various provincial accounts offices is completed.

75. We now come to the question of the Separation of Accounts from Audit which we believe is responsible for an increase of over 20 lakhs in the expenditure of the Central Government as a whole.

76. So far as the Civil Department is concerned, we understand that it has been practically decided to abandon the scheme and that the decision is expected to result in substantial economy amounting to about 5 lakhs per annum.

77. As regards the Military Department, audit in its present form no doubt appears to be an innovation. We are however informed that the real position regarding the Military Accounts organisation is that for a long time it had been functioning practically as a combined accounts and audit organisation under the control of the Military Financial Adviser, and that its relation to the Auditor General was not clearly defined. When the Auditor General was made statutorily responsible for the audit of all expenditure in India the Military Accounts Department was constituted as a purely accounts organisation and the Auditor General super-imposed a statutory test audit. In the opinion of the present Auditor General who had unique opportunities of studying the arrangement in all its aspects the present arrangement is satisfactory and the transfer of the Military Accounts to him would make his charge unmanageable and also impair financial control.

The present cost of Military audit is about Rs. 4½ lakhs and is about 4 per cent. of the cost of accounts. From the standpoint of economy, the alternatives to be considered are in our opinion : (1) whether the Military Accounts Department cannot be brought under the general control of the Auditor General thus avoiding the necessity for a separate audit on his behalf, (2) whether the Military Accountant General or the Military Financial Adviser cannot be made directly responsible for the efficient check of expenditure in the Army instead of the Auditor General and (3) whether the check by the Auditor General cannot be further reduced. The question is one which requires to be examined in joint consultation with the Army Retrenchment Sub-Committee, and pending such consultation we are unable to express an opinion.

78. As regards Railway accounts and audit, we understand that till a few years ago the whole Railway accounts organisation was under the full control of the Auditor General and the separation of accounts from audit in that department is of recent origin. We understand that the separation has resulted in considerable extra cost. The evidence that we have received from officers and associations is practically unanimous that it is more economical and advantageous to revert to the combined accounts and audit system. Some of the witnesses urged that audit divorced from accounts was less advantageously placed than a combined accounts and audit office in the matter of higher audit.

In our opinion, the points to be threshed out are : (1) whether the special advantages claimed for separation have been achieved, (2) whether the expectations regarding cost and savings have been realised, (3) whether the same advantages cannot be achieved at less cost under the combined accounts and audit system, and (4) if they cannot, whether the advantages, if any, are commensurate with the extra cost involved. We have not had the opportunity of hearing the point of view of the Railway Administration in the matter, and as this is a question which requires to be examined in consultation with the Railway Retrenchment Sub-Committee we are unable to express an opinion at this stage.

If separation were to be abandoned, large direct savings could be effected. If, on the other hand, separation is to continue, then the

question of the feasibility of reducing the cost of audit requires examination. The cost of the separated audit is about Rs. 15 lakhs a year or over 16 per cent. of the cost of accounts. In our opinion, this high percentage requires close examination, as we doubt whether it would be regarded as correct according to generally accepted standards. We understand that the Auditor General is fully conscious of this and is awaiting further study and examination before deciding as to the scope for reduction. This, however, is likely to take some time. We recognise that any change in the scope and method of audit, depending as they do largely upon the efficiency of the accounts organisation, would have to be made gradually. Meanwhile, we think some economy could be effected in the audit organisation. The present organisation consisting of a Director of Railway Audit (of the status of a senior Accountant General) at headquarters and Chief Auditors (again of the rank of Accountant General) for the various State Railways appears to be an expensive arrangement. We consider that there should be Chief Auditors (of the rank of Accountant General) at each of the principal centres, namely, Calcutta, Bombay and Lahore, who should be directly subordinate to the Auditor General and that the intervention of the Director of Railway Audit is unnecessary. In this view, the office of the Director of Railway Audit may be abolished and the present class I post of Deputy Director, Railway Audit, with the necessary subordinate staff transferred to the office of the Auditor General, saving about Rs. 40,000. If this recommendation is given effect to we are prepared to recommend a special allowance of, say Rs. 250 per mensem to the Deputy Auditor General in view of his increased responsibilities.

We suggest that one of the posts of Chief Auditor at Calcutta,—there are two at present,—may be replaced by a class I post, saving Rs. 10,000.

79. We now turn to postal accounts and audit. The cost of this branch is borne by the Posts and Telegraphs Department and a detailed examination can only be made in consultation with the Retrenchment Sub-Committee dealing with the expenditure of that Department. We have however discussed the subject generally with the Auditor General, and, so far as we are concerned, we accept his recommendations which are reproduced below. They are :—

(1) (*a*) Abolition of inspection of post offices.

(*b*) Improvement in the programme for the inspection of Engineering Divisions.

(2) Conversion of certain upper division posts in the Money Order Department into lower division posts of the clerical grade.

(3) Surrender of the annual allotment of special pay to the staff.

(4) An improved system of work in the Government Securities Section.

(5) Improved arrangements for review work in the Telegraph Check Office.

These proposals involve the ultimate retrenchment of the following posts :—

Assistant Accountants General (class II of the Indian Audit and Accounts Service) ..	2	
Assistant Accounts Officers ..	2	
Subordinate Accounts Service	4	
Upper division clerks ..	85	(45 of these posts will be converted into posts of lower division clerks.)
Lower division clerks *minus* ..	45	(This addition is due to the conversion of 45 posts of upper division clerks referred to above.)
Inferior servants ..	3	

The above recommendations are expected to result, when in full operation, in a permanent recurring saving of 2¼ lakhs a year. A temporary saving for 2 years of Rs. 30,000 a year is also expected from relaxation of audit.

Conclusions.

80. Having reviewed the expenditure of the Accounts and Audit Department, we recommend that—

(1) the temporary economies in civil accounts offices amounting to 4½ lakhs per annum suggested by the Auditor General be accepted,

(2) the two posts of Deputy Auditor General, Inspection, be abolished, saving about Rs. 55,600, per annum.

(3) a post of Assistant Auditor General or Assistant Accounts Officer be abolished in the Auditor General's office, saving about Rs. 11,000 or Rs. 8,000 per annum,

(4) the two permanent posts of Deputy Auditor General in the Auditor General's office be converted into a class II post (experimentally) and a post of Assistant Accounts Officer, saving Rs. 20,900, per annum,

(5) the post of Controller of Civil Accounts be replaced by a post of Accountant General, saving about Rs. 12,000 per annum,

(6) the two posts of Deputy Director, Army Audit, be replaced by Assistant Directors, saving Rs. 20,736 per annum,

(7) the post of Audit Officer, Lloyd Barrage, which is at present an Accountant Generalship be replaced by a class I post, saving about Rs. 10,000 per annum,

(8) 5 posts in class II of the General List be replaced by Assistant Accounts Officers, saving about Rs. 12,000 per annum.

(9) the leave reserve be cut down by 50 per cent. giving a *net* saving of Rs. 1 lakh per annum,

(10) the statutory obligation to employ I. C. S. officers in the Indian Audit Department be removed and that the officers holding the 4 non-statutory posts be reverted, saving about Rs. 45,000 per annum,

(11) the minimum pay fixed for Deputy Accountants General and the special pay given to certain Deputy Accountants General be abolished, saving about Rs. 12,000,

(12) the recurring allotment of Rs. 30,000 for special pay be withdrawn,

(13) the special pay and compensatory allowance attached to certain posts be reviewed and curtailed,

(14) the rate of compensatory and house allowances admissible to officers stationed at certain localities be reviewed,

(15) the Commercial Audit Branch be decentralised, saving not less than Rs. 1 lakh per annum,

(16) the separation of accounts from audit be abandoned in the civil department, saving Rs. 5 lakhs per annum,

(17) the question of transferring the Military and Railway Accounts Departments to the Auditor General's control be considered,

(18) the post of Director of Railway Audit be abolished, saving about Rs. 40,000 per annum,

(19) one of the posts of Chief Auditors at Calcutta be replaced, by a post in class I, saving Rs. 10,000 per annum,

(20) the recommendations of the Auditor General regarding economies in the Posts and Telegraph Accounts and Audit amounting to Rs. 2¼ lakhs permanent and Rs. 30,000 temporary be accepted.

Part III.

81. The financial effect of the recommendations made by us is summarised below :—

	Annual recurring savings.
	Rs.
1. Irrigation	3,42,000
2. Civil Works	14,71,000
3. Delhi Capital Outlay	4,99,000 (excluding the postponement of works).
4. Accounts and Audit Departments	16,84,000
	39,96,000

We have besides recommended that the grant for major works and works relating to Delhi Capital Outlay be strictly limited and this would probably mean a reduction of at least another 30 lakhs in the provision required to be made under the Public Works Department.

82. We are submitting separately our proposals regarding the pay and allowances of existing incumbents and future recruits.

83. We desire to express our thanks to the several Departments of the Government of India for the assistance we have generally received from them and for their prompt response to our requests for information without which we would not have been able to complete the work in the limited time at our disposal. Our thanks are also due to the various witnesses (official and non-official) who helped us in our deliberations.

84. In concluding our report we desire to place on record our warm appreciation of the valuable assistance which we have received from the Secretary of our Sub-Committee, who had to do this work in addition to his normal official duties. His wide knowledge and experience have been of special benefit to the Sub-Committee, and indeed but for his ungrudging labours it would not have been possible for us to complete our work in such a short space of time.

K. C. NEOGY (*Chairman*).

R. N. AROGIASWAMY MUDALIAR.

BISHEN SWARUP.

M. K. MITRA.

S. H. IMAM.

G. MORGAN.

C. V. S. RAO,

Secretary.

27th August 1931.

APPENDIX I.

List of witnesses.

1. D. G. Harris, Esq., C.I.E.—Consulting Engineer to the Government of India.
2. A. Brebner, Esq., C.I.E.—Chief Engineer, Central Public Works Department.
3. J. L. Sale, Esq., C.I.E.—Superintending Engineer, Delhi.
4. F. T. Jones, Esq., M.V.O.—Superintending Engineer, Delhi.
5. F. H. Burkitt, Esq., O.B.E.—Chief Engineer and Secretary for Irrigation, North West Frontier Province.
6. Sir E. Burdon, Kt., C.S.I., C.I.E., I.C.S.—Auditor General in India.
7. Col. H. S. Gaskell, D.S.O., R.E.—Secretary, Public Works Department, North West Frontier Province.
8. D. C. Campbell, Esq., C.A.—Director of Commercial Audit.
9. P. A. L. Cantin, Esq.—Chief Engineer, Public Works Department, U. P.
10. A. C. Mukerji, Esq.—Engineer and Architect, Calcutta.
11. A. C. Gupta, Esq., O.B.E.—Director of Army Audit.
12. T. Ryan, Esq., C.I.E.—Joint Secretary, Industries and Labour Department.
13. G. Kaula, Esq., C.I.E.—Controller of Civil Accounts.
14. M. Ghatak, Esq.—Retired Accountant General.
15. Jagat Prasad, Esq.—Accountant General, Posts and Telegraphs.
16. N. V. Raghavan, Esq.—Accountant General.
17. B. N. Mitra, Esq.
18. K. R. S. Rao, Esq.

} Representatives of the Indian Audit and Accounts Service Association.

19. U. N. Sen, Esq.
20. N. K. Khanna, Esq.

} Representatives of the All-India Accounts and Audit Offices Conference.

21. J. C. Nixon, Esq., I.C.S., Joint Secretary, Finance Department.

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(The cost of the Committee is Rs. 5,165.)

RAILWAY RETRENCHMENT SUB-COMMITTEE.

CONSTITUTION OF THE COMMITTEE.

Mr. R. K. SHANMUKHAM CHETTY, M.L.A. (*Chairman*).

The Hon'ble Khan Bahadur Hafiz MUHAMMAD HALIM.

Dr. ZIA-UD-DIN AHMAD, C.I.E., M.L.A.

Mr. E. F. SYKES, M.L.A.

Rao Bahadur K. BALARAMA IYER.

Mr. N. R. SARKAR.

Mr. P. R. RAU (*Secretary*).

CHAPTER I.

Introductory.

To

The CHAIRMAN,

Retrenchment Advisory Committee of the Central Legislature,

Simla.

Sir,

1. We, the undersigned members of the Sub-Committee appointed by the Retrenchment Committee to enquire into the question of railway expenditure have now the honour to submit our report.

2. Our terms of reference are :

" To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India (under the review of the Sub-Committee) having regard especially to the present and prospective position of the revenues. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies were either adopted, abandoned, or modified.

In particular the Committee intend that the Sub-Committee shall examine the measures which have been and are being taken by the railway authorities to effect economies in railway expenditure and may recommend modifications therein or other measures which appear to them to offer scope for further economies and which in their own opinion should be adopted or examined in detail.

Further the Sub-Committee shall report in due course to the Committee whether in their opinion, in order to comply fully with their terms of reference, it is desirable that an expert committee should be appointed ".

3. We held a preliminary meeting of the Sub-Committee at Calcutta on the 20th July and on that day and the next three days we made a preliminary examination of the measures already taken by railways to reduce expenditure. We also framed an informal questionnaire indicating briefly the points on which we desired fuller information and also our lines of enquiry and forwarded them to the Railway Board. We informed the Railway Board that we would have a discussion with them on the main issues raised in our questionnaire.

4. We re-assembled at Simla on the 31st August, and held continuous sittings thereafter. Altogether we held 33 sittings. On the basis of the memoranda which the Railway Board supplied us we had a discussion with the Chief Commissioner, Financial Commissioner, and the other Members of the Railway Board and also with the Auditor General in India. In addition to these we examined witnesses including representatives of various departments of railways. A list of the witnesses examined by us is given in Appendix A. One of our Members, Khan Bahadur Hafiz Muhammad Halim, took part in the preliminary discussion in Calcutta, but was unable to take part in our meetings at Simla.

5. On your suggestion we co-opted Colonel Sir Henry Gidney as a Member of our Committee, and he gave us very valuable assistance during our preliminary meetings at Calcutta. He was, however, prevented by his illness from joining us at Simla and had to leave for England for attending the

Round Table Conference later on. He, however, sent us various memoranda containing very valuable suggestions which have been of the greatest use to us, and we wish to acknowledge our indebtedness for the help that he gave us.

6. To all those gentlemen who have thus assisted us in our enquiry, especially the Members of the Railway Board and the Auditor General, we desire to express our great indebtedness.

7. The Railway Board kindly placed at our disposal the services of two experienced railway officers as advisers to the Committee, *viz* : Mr. L. P. Misra, Controller of Stores, North Western Railway, and Mr. R. deK. Maynard, Deputy Transportation Superintendent, Madras and Southern Mahratta Railway. Their great experience of railway working in India was of immense use to the Committee, and we take this opportunity of expressing our warm appreciation of the advice they gave us and the assistance they rendered in all matters connected with our enquiry.

8. To our Secretary, Mr. P. R. Rau, we find it difficult to express adequately our sense of obligation. He has done much more than discharge with delight the ordinary, though arduous, duties that fell to the lot of a Secretary of a Committee of this nature. He has also placed ungrudgingly at our disposal the remarkable and detailed knowledge which he possesses of railway working in India and has thus rendered us assistance of quite exceptional value.

CHAPTER II.

FINANCIAL RESULTS OF RAILWAYS.

9. It has been necessary for us to make an estimate, however rough, of the probable earnings and expenditure in the next few years in order to have an approximate idea of the economies that would be necessary if railways in India are to pay their way.

10. The following table compares the financial results of railways (commercial and strategic lines together) since the separation of railway revenues from general revenues in 1924-25 :—

(In crores.)

——	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Approximate 1930-31.	1931-32.	
								Budget estimate.	Latest estimate.
Gross traffic receipts	100·14	98·94	98·42	103·43	103·73	102·70	94·92	101·00	91·00
Other receipts including interest on Depreciation and Reserve Funds	·51	·90	1·09	1·25	1·56	2·08	1·64	1·58	1·50
Total Receipts ..	100·65	99·84	99·51	104·68	105·29	104·78	96·56	102·58	92·50
Ordinary working expenses	51·65	52·99	52·89	53·05	54·21	55·59	56·14	53·00	51·00
Appropriation to Depreciation Fund ..	10·35	10·67	10·89	11·38	12·00	12·59	13·06	13·43	13·50
Total Working Expenses ..	62·00	63·66	63·78	64·43	66·21	68·18	69·20	66·43	64·50
Miscellaneous charges (including surplus profits paid to Companies and Indian States) ..	1·59	2·09	2·36	2·13	1·94	2·10	1·88	1·36	1·50
Interest charges	23·90	24·81	25·87	27·27	29·33	30·46	32·74	33·57	33·50
Net gain (+) or Loss (——) ..	+13·16	+9·28	+7·50	+10·85	+7·81	+4·04	—7·26	+1·22	—7·00

11. We understand that the traffic receipts of railways in the first five months of the current year have been nearly four crores less than in the corresponding period of last year, but that the average fall since July has been at a lower rate than in the first three months of the year. In the second half of August, the position seems however to have again changed for the worse. But, even on the assumption that the deterioration for the rest of the year will not be so marked, and allowing for other relevant factors, we cannot take the traffic earnings in 1931-32 at over 91 crores. This is ten crores less than the budget estimate of 101 crores and four crores less than the actual receipts last year.

12. The strenuous efforts made by railway administrations, under instructions from the Railway Board, in the past twelve months to reduce expenditure are, we are told, likely to lead to a considerable saving in working expenses. We understand that there has already in the first four months been a decrease of 1¾ crores in ordinary working expenses as compared with last year and it seems likely that the total for the year will not exceed 51 crores, or five crores lower than last year and two crores less than the current year's estimate. Neglecting miscellaneous expenditure which is expected to be counter-balanced by miscellaneous receipts and taking into account the fact that 13½ crores has to be paid to the depreciation fund under rules, the net receipts from railways may be taken as 26½ crores. Interest on the capital at charge amounts to 33½ crores and the net result is a deficit of 7 crores as against a surplus of 1¼ crores anticipated in the budget. To this deficit must be added the contribution payable to general revenues equal to 5-1|3 crores, making a total of over 12 crores. On the other hand, the balance in the reserve fund at the beginning of the year is expected to be 5-1|3 crores. The net payments into the fund since 1924-25, have been as follows :—

(In lakhs).

		Balance.
1924-25	599	599
1925-26	379	978
1926-27	149	1,127
1927-28	457	1,584
1928-29	258	1,842
1929-30	—208	1,634
1930-31 (latest estimates)	—1,106	528

13. After full discussion with the Railway Board, we have come to the conclusion that it is not safe for the present to assume that railway traffic earnings would reach within the next few years the level of 100 crores and more at which they were some years ago. We are compelled to assume that they will be somewhere between 90 and 95 crores.

14. Ordinary working expenses are likely to be reduced by five crores this year. We have been informed that not all of this decrease can be taken as permanent and that in a large number of instances, the reduction effected in the current year represents merely postponed expenditure. Rough estimates made by railways of the savings expected by them this year show that of a total of nearly five crores, only about 2½ crores can be taken as more or less

permanent, and about half the balance represents purely postponed expenditure, the remainder being made up by temporary reductions. Consequently, without drastic changes in organisation or drastic cuts in salaries and wages, it would be difficult to expect that the expenses will, in the next few years, go down below 50 or 51 crores. To this should be added the amount payable annually under the present rules to the depreciation fund which is likely to amount to about 13¾ crores next year and is bound to increase steadily in succeeding years. The net receipts of railways during the next few years are therefore, so far as we can foresee, likely to be in the neighbourhood of 27 to 28 crores on the average.

15. Interest charges which stand at 33½ crores in the current year are bound to increase to some extent. Even if the present attenuated capital programme is entirely financed from the annual payments to the depreciation fund, the rate of interest which, for capital expenditure incurred since 1917-18, is the average for Government borrowings since that date, is bound to increase with the higher rates that Government has to pay for its loans at present. Finally there is the contribution to general revenues which is at present in the neighbourhood of 5-1|3 crores (after meeting the loss on strategic lines which in the current year is likely to amount to about 2 crores) and will increase with the increase in the capital at charge.

16. Taking all these factors into account, it seems that the gap under present conditions between receipts and expenditure is somewhere near 11 or 12 crores.

17. It has been argued that, when, with the most careful management, railways are unable to pay their interest charges, it is not reasonable for general revenues to expect any contribution in aid and that this contribution is more or less analogous to the dividend on ordinary shares in a commercial concern which is payable only when the concern is making a profit. Even if for the sake of argument the validity of this plea is admitted, it is still unquestioned that, in order that railways should remain solvent, they should take measures to increase their net receipts by about six crores.

18. Whether a contribution in aid of general revenues from railways is justifiable or not is a question with which we are not directly concerned and on which, therefore, we do not propose to dwell. It is after all a matter not to be settled entirely on theoretical considerations and is one for final decision by the Central Legislature and the Government ; but, apart altogether from this, we must hold that railways should be worked so as to yield an adequate return to the State. The Inchcape Committee laid it down in 1923 that this return should be 5½ per cent. on the capital at charge. It is possible to argue that with the growth in the rate of interest that Government has to pay for fresh borrowings at present, even this is not sufficient, but assuming for the moment that 5½ per cent. is adequate, we must remember that the capital at charge of railways (commercial lines only) at the end of 1930-31 was over 750 crores and that a 5½ per cent. return would require net receipts to amount to about 41¼ crores. We have already said that under present conditions we do not expect the net receipts from all railways (commercial and strategic) to exceed 27 or 28 crores. The loss in working of strategic lines is at present in the neighbourhood of half a crore ; and it follows that, in order to get a 5½ per cent. return, commercial railways should find ways and means of increasing their net receipts by about 13 or 14 crores.

19. In this connection, we have considered, with the utmost care, the question of the payments into the depreciation fund. It has not escaped our notice that in the first six years after the starting of the fund it had accumulated balances amounting to 12¼ crores in spite of the fact that it was started without any provision for arrears of depreciation, and consequently all renewals and replacements have been met out of the provision for current depreciation.

The payments into and withdrawals from the Depreciation Fund have been as follows :—

(In crores.)

		Contribution to Depreciation Fund.	Appropriations from Depreciation Fund.	Closing Balance.
1924-25	... .	10·35	7·29	3·06
1925-26	... .	10·67	7·98	5·75
1926 27	... ...	10·89	8·05	8·59
1927-28	... ...	11·37	10·95	9·01
1928-29	.. .. ..	12·00	9·60	11·41
1929-30	.. .. ..	12·59	11·76	12·24
1930-31	Estimates	13·05	9·00	16·29
1931-32	„	13·43	8·25	21·47

In no year has the appropriation to the depreciation fund from revenue failed to exceed the amount withdrawn from it for the purposes for which it was instituted, and at present the surplus is large. In the current year it is expected to be 5¼ crores ; in the following year it will probably be still greater. In fact, the Railway Board anticipate that very probably they will be able to meet from this surplus all, or nearly all, their capital needs during the year. It is, therefore, arguable that the payments to the depreciation fund are higher than necessary and that the assumed lives of the assets on which the contribution is based have been pitched too low. The Posts and Telegraphs Accounts Committee, who recently examined the question in connection with that department, have come to the conclusion that the assumed lives of assets in that department have been under-estimated and have, in their report published recently, recommended that these lives should be revised and the contributions reduced. We have carefully considered this solution, but are, however, unable to recommend a similar course for railways at present. It is probably desirable to have a special enquiry into the assumed lives of assets on railways on the basis of past experience, but pending such an enquiry, which should be left to experts, we cannot recommend that they should be arbitrarily varied and the contribution reduced. We cannot overlook the fact that the contributions do not take into account obsolescence, and that they aim at providing at the end of the assumed life only the original value of the asset, and not the actual cost of replacement. We are convinced that, under any sound system of accounting, it is essential that proper provision should be made for depreciation of the property before arriving at the net receipts from working.

20 The Railway Board have suggested that they might for a time reduce payments to the depreciation fund or, in other words, take, in order to meet their interest charges, a temporary loan from the fund, to be repaid when times are more favourable. This can only be a temporary expedient justified, if at all, by the circumstances of a particular year. When, however, as we anticipate, we must reconcile ourselves to the fact that, so far as one can see, railways have definitely entered upon a period of a lower level of receipts, this temporary expedient is quite unsuitable and we must, therefore, devise ways and means of bridging the gap between receipts and expenditure, that is to say, endeavour to increase our net receipts by at least six crores annually if railways are to be able to meet their interest charges, and remain solvent, and by about 13 or 14 crores if they are to earn a return of 5½ per cent. on the capital expended on them, which under present circumstances, cannot be considered unreasonably high.

21. In the succeeding paragraphs of this report, we deal with the expenditure on railways according to the order of the demands placed before the Assembly for the voting of grants.

CHAPTER III.

RAILWAY BOARD.

Demand No. 1.

22. The expenditure since 1924-25 has been as follows :—

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised estimate, 1930-31.	Latest estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
I. Pay of Officers	7,69	7,85	7,62	7,41	6,90	7,59	7,57	6,95
II. Pay of Establishment ..	3,61	3,68	3,58	3,46	3,58	3,78	4,10	3,95
III. Other charges	2,45	2,82	3,93	2,27	3,54	4,73	4,90	3,86
IV. Technical or Drawing Office	..	14	31	36	45	55	18	18
Total ..	13,75	14,49	15,44	13,50	14,47	16,65	16,75	14,94

23. The demand deals with expenditure on the Railway Board proper. In dealing with this expenditure we have thought it desirable to take into account at the same time the expenditure on three closely allied offices which at present are included under Demand No. 11, namely, the Technical Office (1-3rd of the cost of which is shown under Demand No. 1), the Central Standardisation Office, and the Office of the Controller of Railway Accounts. In the proposals we have to make hereafter we intend to suggest the practical amalgamation of these offices into one. The expenditure on these offices since 1929-30 is shown in the table on page 8.

(Figures in thousands of rupees.)

Particulars.	1929-30.					1930-31.					1931-32.				
	Railway Board.	Technical Office.	Chief Controller of Standardisation.	Controller of Railway Accounts.	Total.	Railway Board.	Technical Office.	Chief Controller of Standardisation.	Controller of Railway Accounts.	Total.	Railway Board.	Technical Office.	Chief Controller of Standardisation.	Controller of Railway Accounts.	Total.
Pay of Officers ..	7,59	34	..	86	8,79	7,57	..	1,51	97	10,05	6,95	..	1,39	97	9,31
Pay of Establishment	3,78	64	..	81	5,23	4,10	34	67	1,23	6,34	3,95	34	78	1,37	6,44
Other Charges ..	4,73	66	..	91	6,30	4,90	19	72	85	6,66	3,86	19	1,04	1,06	6,15
Total ..	16,10	1,64	..	2,58	20,32	16,57	53	2,90	3,05	23,05	14,76	53	3,21	3,40	21,90

24. The present organisation of the Railway Board consists of a Chief Commissioner, a Financial Commissioner, three Members (dealing with Engineering, Traffic, and Staff matters respectively), five Directors, five Deputy Directors, one Assistant Director, one Secretary and one Deputy Secretary.

The Central Standards Office accounts for five officers—a Chief Controller, two Deputy Chief Controllers, one Assistant Chief Controller, and a Personal Assistant to the Chief Controller.

In the office of the Controller of Railway Accounts there are four officers—a Controller, one Deputy Controller, one Assistant Controller, and an Assistant Accounts Officer.

25. In the current year the Railway Board have, in their quest for economies, kept in abeyance two superior posts in their own office, namely, the posts of Director of Civil Engineering and Assistant Director of Finance and have filled the post of Director of Establishment by a junior officer on a lower rate of pay. They have informed us that in the immediate future they propose to hold certain other posts in abeyance. During 1932-33 they expect to make the Chief Controller of Standardisation do the work of the Director of Engineering of the Railway Board, thus enabling them to keep in abeyance both the posts of Directors of Civil and Mechanical Engineering. They also intend to hold in abeyance one post of Deputy Controller of Standardisation. They have no proposals to make with regard to the office of the Controller of Railway Accounts.

26. We have gone very carefully into the matter and consider that at the present moment further reductions in superior posts are desirable and possible ; but before dealing with our recommendations, we must first make it clear that we have not taken into account the possible results of a change in the constitution of India on the organisation of the Railway Board. We have taken into account only existing circumstances and the urgent need for economy in all directions, but we have also been influenced by the fact that the work in the Board's office should have been reduced considerably by the general financial stringency which prevents most proposals for fresh expenditure from reaching the stage of consideration by the Railway Board. For example, when, as at present, capital funds are restricted and constructions are practically at a standstill, the number of engineering questions referred to the Board must have been reduced to small dimensions.

Superior Staff.

27. *Members.*—We are of opinion that the number of Members should be reduced at once to two, that is, the strength before the increase in 1929. We do not propose to make any definite suggestions for the consequent redistribution of work. This we must leave to the Government, but we would mention that in our opinion there are various ways in which the reorganisation can be effected. Apart from the possibility of reverting to the old system of having one Member to deal with other than purely engineering questions, we consider that it is not unreasonable to expect, at the present time, the Chief Commissioner to take up a definite portfolio in addition to his duty of general supervision and control. He can, for instance, deal with labour questions and with miscellaneous staff (*i.e.*, such staff as do not pertain to the subjects dealt with by the Engineering and Traffic Members), thus rendering the Staff Member superfluous. He can, on the other hand, take up either of the other two portfolios if circumstances make it more convenient.

One of our number is unable to accept the reduction of the number of Members to two. He says " It is admitted in the following paragraph that it is not ordinarily possible to find an individual capable of performing the duties of the Engineer Member : *a fortiori* it will be impossible to find two individuals capable of handling the whole of the Board's business. As a result decisions will more and more fall into the hands of Directors and Deputy Directors. The

way of efficiency and economy would seem rather to lie in the direction of an *increase* in the number of Members dealing directly and authoritatively with their subjects, unhampered by an apparatus of Directors and Deputy Directors —an apparatus that was designed to fit in with the Acworth Committee's regional distribution of the duties of Members now wholly abandoned."

28. *Directors.*—At present the sanctioned strength consists of five Directors and a Secretary who, in status and in duties, corresponds to a Director. The Railway Board propose to hold in abeyance two posts, namely, the posts of Directors of Civil and Mechanical Engineering and to make the Controller of Standardisation act as a Director of Engineering in addition to his own duties. We consider that a further reduction is necessary. With an expert Member in charge of a particular subject it is unnecessary to have another highly paid expert to assist him. A departure from this principle is, in our opinion, justifiable only in the case of the Director of Finance, whom we propose to retain because of the need for strict financial control over railway expenditure and also the additional work that would devolve on the financial side of the Railway Board in consequence of our recommendations for the abolition of the office of the Controller of Railway Accounts. On the engineering side, again, the circumstances are peculiar ; for it is ordinarily difficult if not impossible to have an engineer expert in both branches of the profession—Civil and Mechanical—and we recommend that if the Member (assuming he is retained) is a Civil Engineer, he should have a Director who is a Mechanical Engineer and *vice versa.* We are prepared to agree that if the Chief Commissioner takes up any portfolio himself, he should, in view of his other important duties, have a Director to assist him, but otherwise we are of opinion that in the Traffic and Staff Branches, if a Member is retained, a Director is unnecessary and should be abolished. It follows also that if the Chief Commissioner takes up the engineering portfolio, he will have two Directors of Engineering, one Civil and one Mechanical.

29. *Deputy and Assistant Directors.*—There are at present five Deputy Directors, a Deputy Secretary and an Assistant Director who are on the same scale of pay. The Railway Board propose to hold the last post in abeyance and to reduce the total to six. We consider that the number should be further reduced to four (Finance, Engineering, Traffic and Establishment). We think that the Deputy Director of Establishment should combine the functions of the present Deputy Director of Establishment and of the Deputy Secretary, and that one Deputy Director for Engineering who should be a Mechanical Engineer, if the Director is a Civil Engineer and *vice versa* is all that is necessary.

30. *Central Standards Office.*—We think the post of Chief Controller of standardisation should be abolished and his work entrusted to the Director of Engineering, Railway Board, who should be assisted by two Deputy Directors—one a Civil Engineering Officer and the other a Mechanical Engineering Officer. These two officers should deal only with standardisation work and should not be expected to take part in the Railway Board's office work to any extent. They should be considered as temporary for the present.

31. *Controller of Railway Accounts.*—The office of the Controller of Railway Accounts was started in October 1928, and is an off-shoot of the separation of Accounts from Audit on State-managed railways. Formerly, the combined Accounts and Audit Department on State-managed railways was controlled by the Accountant General for Railways under the direction of the Auditor General, who was also responsible for compiling the accounts of railways. In earlier days, this officer was also a sort of financial adviser to the Railway Board, and to a certain extent, helped in the preparation of the railway budget ; but he ceased to perform these functions on the re-organisation of the Railway Board with a Financial Commissioner as an integral part of its constitution. After the separation, this office split up into two—the Director of Railway Audit controlling, under the Auditor General, the establishment engaged on statutory audit on State-managed railways and co-ordinating their work ; and

the Controller of Railway Accounts retaining the other functions of the Accountant General, Railways. He is, under the Financial Commissioner of Railways, the head of the Railway Accounts Department. He has, we understand, at present two main functions—administering the Railway Accounts Department and compiling the accounts on State-owned railways in India. In the former capacity he has to control a staff of about 6,000 men costing over 80 lakhs a year. All the Accounts Officers on State-managed railways are under his control, but he has no jurisdiction with regard to the Accounts staff on Company-managed railways. His administrative work is, we are given to understand, heavy. Only a small portion of the staff under his control was recruited by him since the separation. The rest came to him partly from the Auditor General and partly from three railway companies—the East Indian, Great Indian Peninsula, and Burma Railway Companies—on their passing to State management. The rules governing these various groups differ from one another and the problems arising from this heterogenous collection are many and varied. In addition to his work in connection with the staff, he had, he told us, to deal with a number of references from Chief Accounts Officers relating to the procedure of accounting and internal check and to interpretations of rules. This took up a quarter of his own time though it did not involve so much work in his office. We have not been able to understand why the Chief Accounts Officers on State-managed railways should require so much more guidance from a central authority than the heads of accounting departments on Company-managed railways, and we feel that the administrative work can and ought to be reduced very considerably either by delegating to the Agent extensive powers with regard to the routine administrative work of the subordinate accounts staff, with suitable safeguards to maintain unimpaired the independence of the Chief Accounts Officer who is responsible for the internal audit on the railway, or, if there are insuperable objections to this course and it is decided to continue the existing arrangement of having the department under the immediate control of the Financial Commissioner of Railways by delegating to Chief Accounts Officers extensive powers of dealing with staff. We shall deal later with our proposals regarding the position of the Accounts Department. But we are convinced that, by extensive delegation of powers whether to the Agent, or the Chief Accounts Officer, and by reducing transfers between railways to the absolute minimum, the administrative work of this office can be reduced to such an extent that it can be taken over by the Financial Commissioner of Railways with the assistance of the staff at present under his control.

The work of compilation of accounts does not, in our opinion, require an officer of the status and emoluments of the Controller of Railway Accounts. We think that it can be done in the Railway Board with an additional Deputy Director of Accounts and a small staff working under the Director of Finance. We note that in this proposal we have the support of Sir Arthur Dickinson. In paragraphs 62 and 63 of his report, he has suggested that the accounts of railways should be compiled by a Chief Accountant appointed by the Railway Board who should be directly responsible to the Board's Director of Finance.

32. Our proposals involve the reduction of the superior staff in these offices from 28 (the sanctioned scale) to 15 as against 22 proposed by the Railway Board. The reduction may seem drastic, but we are convinced that, with the revisions of procedure we have suggested, and with more delegation of work in routine matters to the Superintendents (who hold gazetted rank), the reduced staff can carry on the duties at present falling on these offices with no loss of efficiency and without undue hardship ; and under our proposals, as will be seen from the table below, the cost (including leave salary) is expected to be reduced from 10½ lakhs (according to the sanctioned scale), or 9 lakhs (according to the Railway Board's proposals) to 6½ lakhs.

33. The gazetted staff we propose for these offices is compared in the following table with the existing staff and the staff proposed by the Railway Board.

(Figures of cost in thousand of rupees.)

	Present Sanctioned Scale.		Proposed by Railway Board.		Proposed by Committee.	
	No.	Cost.	No.	Cost.	No.	Cost.
Railway Board.						
Chief Commissioner	1	60	1	60	1	60
Financial Commissioner	1	48	1	48	1	48
Members	3	144	3	144	2	96
Directors	5	171	3	102	3	102
Secretary	1	33	1	33	1	33
Deputy Directors	5	108	5	108	4	87
Deputy Secretary	1	18	1	18	..	..
Assistant Director	1	15	..	..	..	..
Superintendents	7	60	7	60	7	60
Total ..	25	657	22	573	19	486
Central Standards Office.						
Chief Controller	1	48	1	48	..	..
Deputy Chief Controller	2	58	1	29	Dy. Directors. 2	43
Assistant Chief Controller	1	23	..	..	..	..
Personal Assistant	1	19	1	19	..	..
Total ..	6	148	3	96	2	43
Controller of Railway Accounts.						
Controller	1	39	1	39	..	..
Deputy Controller	1	22	1	22	..	..
Assistant Controller	1	13	1	13	Dy. Director. 1	22
Assistant Accounts Officer ..	1	10	1	10	..	..
Total ..	4	84	4	84	1	22
Total ..	35	889	29	753	22	551
Add for leave salary	..	148	..	150	..	92
Grand Total ..	..	1,037	..	903	..	643

34. *Establishment.*—The cost of establishment in the Railway Board's office has increased from Rs. 3,61,000 in 1924-25 to Rs. 3,95,000 in 1931-32. The lowest level reached was in 1927-28 when it was reduced to Rs. 3,46,000. The strength of the staff had been brought down to 122 in 1928. Ten men were reduced on the transfer of statistical work to the Controller of Railway Accounts, so that if there had been no other change, the staff would have been reduced to 112. In 1930, however, after a special enquiry into the growth of work, the strength was fixed at 136, though during the current year twelve posts have been held in abeyance. The present strength is thus 124, or an increase of twelve over the number in 1928.

We have not had the time to examine this in detail, but suggest that the Railway Board should earnestly re-examine the possibility of going back to the strength and cost in 1928.

The latest estimate of the cost of establishment in the office of the Central Standards Office is Rs. 78,000. We consider that it ought to be possible to reduce this in consequence of the proposals we have made with regard to the reductions in superior staff. In no case should an increase, either in numbers or cost, be permitted.

The budget estimate of the cost of the establishment in the office of the Controller of Railway Accounts in 1931-32 is Rs. 1,37,000. The Controller has estimated the cost of the establishment he considers necessary for the work of compilation of accounts and statistics at Rs. 48,000.

The latest estimate of the cost of establishment in these three offices and the Drawing office is Rs. 6.44 lakhs. According to our proposals the total should not exceed Rs. 5 lakhs.

35. The current year's estimate for other charges is Rs. 6.15 lakhs, but owing to the reduction in staff, there should be a reduction in rent and other contingencies, and we think that the total can be brought down to 5½ lakhs.

36. The total cost of all these offices should, in our opinion, not ordinarily exceed Rs. 17 lakhs. The latest estimate for the current year is about Rs. 22 lakhs.

CONCLUSIONS.

37. **Having reviewed the expenditure in the office of the Railway Board (including the Technical Office) and the offices of the Chief Controller of Standards and the Controller of Railway Accounts, we recommend—**

(1) **that the number of Members should be reduced from three to two ;**

(2) **that the number of Directors should be reduced from five to three ;**

(3) **that the number of Deputy Directors should be reduced from five to four ;**

(4) **that the posts of Deputy Secretary and Assistant Director of Finance should be abolished ;**

(5) **that the posts of Chief Controller, Deputy Chief Controller, Assistant Chief Controller, and Personal Assistant to the Chief Controller in the Central Standards Office should be abolished and replaced by two posts of Deputy Directors in the Railway Board ;**

(6) **that the posts of Controller of Railway Accounts, Deputy Controller of Railway Accounts, Assistant Controller of Railway Accounts and Assistant Accounts Officer should be abolished and replaced by a post of Deputy Director of Accounts in the Railway Board's Office ;**

(7) **that the total cost of establishment in all these offices taken together should not exceed five lakhs ; and**

(8) **that the total of other charges should be limited to 5½ lakhs.**

The savings resulting from the adoption of these recommendations will, we estimate, be five lakhs.

CHAPTER IV.

INSPECTION.

Demand No. 2.

38. The annual expenditure under this demand has been as follows :—

(Figures of cost in thousand of rupees.)

	Actuals.						Revised estimate, 1930-31.	Budget estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
I. Pay of Officers ..	3,11	3,02	3,07	2,84	2,57	3,50	2,98	2,85
II. Pay of Establishment.	45	49	54	47	48	48	50	51
III. Other charges ..	39	39	43	65	70	73	92	64
Total ..	3,95	3,90	4,04	3,96	3,75	4,71	4,40	4,00

The average cost has been just over four lakhs of rupees.

39. The inspection of railways is undertaken in virtue of the provisions of Section 4 of the Indian Railways Act of 1890, which authorises the Governor General in Council to " appoint persons by name, or by virtue of their office, to be Inspectors of Railways ". The duties of such Inspectors as laid down in the Act are :—

(*a*) to inspect railways with a view to determine whether they are fit to be opened for the public carriage of passengers, and to report thereon to the Governor General in Council as required by this Act ;

(*b*) to make such periodical or other inspections of any railway or of any rolling-stock used thereon as the Governor General in Council may direct ;

(*c*) to make enquiry under this Act into the cause of any accident on a railway ; and

(*d*) to perform such other duties as are imposed on him by this Act, or any other enactment for the time being in force relating to railways.

40. We understand that till recently it was the duty of Inspectors to inspect once a year all railway lines in India, but that this year, owing to the financial stringency, the Railway Board have issued instructions that subsidiary lines need be inspected only once in two years. We discussed the possibility of the reduction of inspection with the Railway Board who were of opinion that there was little scope for reduction in expenditure beyond what they had already given effect to. In view of the statutory obligations laid upon Government with regard to public safety, they considered it undesirable to reduce inspections to any appreciable extent, or to reduce the number of circles.

41. We are, however, unable to accept this opinion entirely. The very serious reduction under construction of new lines and the curtailment of expenditure on open line works at present has undoubtedly reduced the duties of the Government Inspectors to a considerable extent. We were, moreover, informed that their actual inspection of the line usually took them about 12 weeks, concentrated in autumn and winter. During the rest of the year they were in recess usually at a hill station, though it was mentioned that they had other work to keep them occupied, such as examining the designs of new bridges, inspecting important works before opening, and reporting on accidents. We cannot believe that these duties are enough to keep the present staff fully occupied.

42. We believe that this department owes its existence partly to the large number of Company-managed railways in the past which necessitated a considerable amount of inspection to assure the Government as the owner of the property that it was being properly maintained. Now that many of these railways have passed to State management it seems to us doubtful whether there is any necessity for continuing the inspection at its present level. There is no incentive for Agents of State-managed railways at any rate to postpone repairs, and as regards renewals and replacements an adequate depreciation fund is maintained for the purpose. The case for the retention of inspection at its present level seems to lie only in the necessity to discharge the statutory obligations of Government. We understand that similar inspection in England, which is one of the responsibilities of the Board of Trade, has, for its main object, enquiries into accidents and that there is no annual inspection of the whole line as is aimed at in India. As long ago as 1921 the Acworth Committee observed that they could not believe that the minute inspection of every mile of railway every year was necessary and they suggested that economy could be effected by reducing the eight Engineers' circles to three, though they recognised that it might be necessary in one or two of the divisions to appoint in addition an Assistant Engineering Inspector. Since then, two of the largest railway systems in India—the East Indian and the Great Indian Peninsula—have come under State management and the necessity for inspection is, in our opinion, reduced still further. We are convinced that the present eight circles of inspection can be at once reduced at least by three. Five circles with headquarters at Calcutta, Madras, Bombay, Lahore and Rangoon seem to us more than adequate.

43. We understand that at present the status of these officers varies from time to time and that they may be of the rank of Chief Engineer or Deputy Chief Engineer (Burma having an Executive Engineer). We consider that it is unnecessary to retain this variety. The officer in charge of the Rangoon circle may remain as at present an Executive Engineer, but the other officers should, in our opinion, be of the rank of Deputy Chief Engineer.

44. We concur with the Acworth Committee in holding that minute annual inspection of the line is unnecessary. An inspection once in two years should be enough specially if, as we think, the certificate of the Chief Engineer of the railway that the line is in proper condition is made more of a reality and he is held responsible for the certificate. The Railway Board has already accepted this view in the case of subsidiary lines.

45. We have been informed that during these inspections, the Government Inspector is very often attended by a large number of officers from the Agent downwards including the Chief Engineer, the Signal Engineer, the Chief Operating Superintendent, the Divisional Superintendent and a number of officers under him, the Executive Engineer and his assistants and sometimes even the Chief Medical Officer. The question whether this number cannot be reduced should be considered by the Railway Board from the point of view of the value of the officers' time as well as the cost of the special trains necessary for the purpose.

46. The average pay of officers under this grant from 1924-25 to 1929-30 is Rs. 3 lakhs. The allotment for 1931-32 is Rs. 2,85,000. Four Deputy Chief Engineers and one Executive Engineer, as we propose, will cost Rs. 1¼ lakhs or, including leave salaries, about Rs. 1½ lakhs. Including consequential reduction in the cost of establishment and other charges as a result of the reduction in the number of circles there should be a saving in round figures of Rs. 1½ lakhs.

47. **Having reviewed the expenditure under Demand No. 2, we recommend—**

(1) **that minute annual inspection of the line be abandoned, and that inspections once in two years should be prescribed as sufficient; and that the Chief Engineer of each railway should be held responsible for keeping the line in good condition ;**

(2) **that the number of circles of inspection be reduced from eight to five ;**

(3) **that, for purposes of status and emoluments, Government Inspectors be graded with Deputy Chief Engineers (except Burma Railways, where the Inspector should continue to be an Executive Engineer) ; and**

(4) **that the cost of tours of inspection should be reduced ;**

The saving resulting from our proposals is estimated at 1½ lakhs.

CHAPTER V.

ACCOUNTS AND AUDIT.

(Figures in thousands of rupees).

Particulars.	Actuals.						Revised Estimate. 1930-31.	Budget Estimate. 1931-32.
	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30		
Accountant General, Railways (now called Director of Railway Audit)	2,23	2,57	2,72	2,66	2,91	2,39	2,45	2,15
Statutory Audit Offices (State-managed Railway Offices and Clearing Accounts Office.)	..	84	2,94	3,73	4,57	8,38	12,42	13,13
Government Examiner of Accounts.	3,38	2,86	2,92	2,84	2,89	2,93	4,05	4,76
Deduct—Cost transferred to Strategic Lines.	..	..	..	..	..	..	—22	—24
Total ..	5,61	6,27	8,58	9,23	10,37	13,70	18,70	19,80

48. The table above shows the variation in the expenditure recorded under demand No. 3 which shows the cost of the audit staff under the control of the Auditor General in India.

49. During the period under review, various changes of organisation have been introduced which render comparisons difficult. On State-managed railways the duties of accounting and auditing were originally carried on by a single combined organisation under the Auditor General and debited to Demand No. 4. In Company-managed railways, there was an " accounts and audit " staff under the Company debited to Demand No. 4, and, there was, in addition, a small test check on behalf of Government by staff working under the Auditor General.

50. The cost of the Government audit on Company-managed railways has always been debited to this Demand. Taking those of the railways which are still Company-managed the cost of Government audit stood at about 1¾ lakhs in 1924-25 and increased by slow degrees to nearly 3 lakhs in 1929-30. In that year, the Committee on Public Accounts recommended, in view of the irregularities brought to their notice in the appropriation accounts, that the system of audit on Company lines should be strengthened. Accordingly, in the following year, a more extended audit with, naturally, an increase in cost was introduced as a temporary measure for three years. In the present year, the cost is expected to be 4¾ lakhs.

51. When the East Indian Railways was taken over to State-management, the experiment was started on that Railway of having, within the railway organisation, an accounts department not responsible to an outside authority like the Auditor General, with a separate audit conducted by independent agency under the Auditor General. The Legislative Assembly in their resolution passed in September 1925 approved of the starting of the experiment and laid down the main principles thereof, *viz.* :—

(1) that the accounts staff should be not under the Railway Board, but under the Financial Commissioner of Railways ;

(2) that the independence of the Chief Accounts Officer should be safeguarded by empowering him to report direct to the Financial Commissioner of Railways any differences that may arise between him and the Agent from time to time ; and

(3) that an independent check on the work of the accounts offices should be carried out by the Auditor General.

In 1929, this separation was made permanent and in the course of that year and the next, extended to all State-managed Railways.

52. Consequently, for purposes of comparison, it is necessary to take the cost of the accounts staff (which is debited to Demand No. 4-Administration as the cost of the combined accounts and audit staff was in the past) along with the cost of the audit staff.

53. The following table brings together the cost of accounts and audit whether debited to Demand No. 3-Audit, Demand No. 4-Administration (audit and accounts), Demand No. 11-Miscellaneous (Controller of Railway Accounts) and Demand No. 14-Strategic Railways (Working Expenses—Administration—Accounts and Miscellaneous—Audit). Details by individual railways are given in Appendix E to this report :—

[Figures in thousands of rupees.

Year.	Headquarters Office.			State-managed railways.			Company-managed railways.			Total.		
	A. G. Railways.			Accounts	Audit.	Total.	Accounts	Audit.	Total.	Accounts	Audit.	Total.
1924-25	223			59,00	1,59	60,59	38,53	1,79	40,32	97,53	5,61	1,03,14
1925-26	257			63,33	1,52	64,85	40,86	2,18	43,04	1,04,19	6,27	1,10,46
1926-27	272			66,25	3,44	69,69	40,94	2,42	43,36	1,07,19	8,58	1,15,77
1927-28	265			73,26	4,12	77,38	42,21	2,46	44,67	1,15,47	9,23	1,24,70
1928-29	C.R.A. 28	D.R.A. 291	Total. 319	74,73	4,99	79,72	44,33	2,47	46,80	1,19,34	10,37	1,29,71
1929-30	258	239	497	76,89	8,38	85,27	45,49	2,92	48,41	1,24,96	13,69	1,38,65
1930-31 Approximate.	305	240	545	81,95	12,04	93,99	47,15	4,12	51,27	1,32,15	18,56	1,50,71
1931-32 (Estimate)	340	215	555	79,45	13,13	92,58	45,85	4,76	50,61	1,28,70	20,04	1,48,74

54. The growth of expenditure on accounts and audit taken together is staggering whether taken by itself, or in comparison with the growth of mileage, or the receipts and expenditure accounted for and audited by this establishment, or of other railway expenditure which is most analogous to it, namely charges included under the head "General Administration". The expenditure in 1930-31 is 151 lakhs and is 47½ lakhs (or 46 per cent.) higher than the expenditure in 1924-25 ; the increase in general administration charges (excluding accounts) in the same period is less than half—20 per cent.; the total value of the transactions accounted for, taking traffic receipts, working expenses and capital expenditure together, has varied only to a negligible extent.

55. There are two other facts equally worthy of note which a study of the table above brings to light. One is that the rate of growth in expenditure on accounts on State-managed railways is proportionately more than the rate on Company-managed railways. The increase from 1924-25 to 1930-31 in the case of the former is 23 lakhs (or 39 per cent.) ; in the case of the latter 8½ lakhs (or 22 per cent.). The other is the high proportion of the cost of audit to the cost of accounts. In Company-managed railways, with the present extended audit, it is about 10 per cent. and in State-managed railways, 16 per cent. In order to appreciate the full significance of the figures, it is enough to compare them with the proportion of the cost of audit to the cost of accounting of Army Expenditure which stands at about 4 per cent.

56. In any system with proper and effective financial control, the growth of expenditure on the scale that has taken place on this item should have been checked in time. The Financial Commissioner himself agreed that too much was being spent on accounts and audit combined and that there was definite room for economy, but till he had a complete analysis of the growth of expenditure which the Controller of Railway Accounts was preparing for him, he could not give a definite opinion as regards the measures to be taken to obtain that economy. That analysis has not yet been placed before us, but Mr. Mitra, the Controller, has in a preliminary note attempted some explanation of the increase on State-managed Railways. He has told us that the figures for 1930-31 include about 4 lakhs for temporary establishment in connection with the Stores accounts re-organisation on the East Indian Railway which is now practically complete, and Mr. Scott's experiments with regard to mechanisation of accounts which have also come to an end. Allowing for these and similar special factors, however, the increase in 1930-31 as compared with 1924-25 is still as high as 30 per cent.

57. In some of the memoranda submitted to us, our attention has been drawn to two changes in the organisation of the Accounts Department which, it is alleged, have had the result of increasing considerably the expenditure on Accounts and Audit on Indian Railways. These are the separation of Accounts from Audit on State-managed Railways and the institution of a Clearing House at Delhi for the check and apportionment of receipts from foreign traffic on the four State-managed Railways in India and on the Bombay, Baroda and Central India Railway.

Separation of Accounts from Audit.

58. The separation of Accounts from Audit was introduced on different railways on different dates—on the East Indian Railway from 1st December 1925, on the Burma Railways from 1st January 1929, on the North-Western Railway from 1st April 1929, on the Great Indian Peninsula Railway from 1st October 1929, and on the Eastern Bengal Railway from 1st April 1930.

59. From the statements appended to our report (Appendix E), it will be seen that the separation has in all railways resulted in increased direct costs. Indeed it could not have been otherwise. The Auditor General told us that it was entirely incorrect to state that separation as such would lead to economies in the direct costs of Accounts and Audit. The combined system was necessarily a less expensive system in direct costs. The Financial Commissioner of Railways has also admitted to us that this opinion was quite correct in theory. We are fully convinced that all the arguments for the separation based on a saving in costs are necessarily fallacious and should be dismissed from consideration. We observe that when the Standing Finance Committee for Railways accepted the proposal, it was estimated that the ultimate net financial effect of the proposals was an annual saving of Rs. 1,97,000 after paying for the cost of the independent audit establishment amounting to 13½ lakhs per annum, and that, in addition, substantial economies amounting to several lakhs of rupees in other than establishment charges would follow the extension of the system to all railways. We also note that Sir Frederic Gauntlett, the then Auditor General, in recommending that the experiment be accepted as a success and be adopted as a permanent measure and extended to other railways, was partly guided by the expectation that the separation could be effected with some eventual saving in the total cost of Accounts and Audit taken together. We have no doubt that both the Standing Finance Committee for Railways and the Legislative Assembly were influenced to a considerable extent by the saving promised.

60. Mr. Hayman has argued that the present expenditure on Accounts included part of the expenditure which had formerly been charged to departmental heads, but no figures have been placed before us giving us the magnitude of this expenditure. Consequently we cannot escape the conclusion that the optimism of the framers of the estimate of the financial results of the

separation when they expected a saving in direct costs of the Accounts and Audit Departments has been far from being justified by results.

61. We understand that the accounting staff does at present practically all the internal check done formerly by the combined accounts and audit staff, and that the present audit staff is engaged on a test check of the activities of the accounts staff. Under the Resolution of the Asembly " the accounts staff under the Financial Commissioner of Railways shall perform duties practically identical with those hitherto undertaken on State-managed Railways by the accounts and audit staff under the Auditor General. Where the latter exercised an audit properly so-called, the new agency will conduct an internal check, but the nature and extent of the scrutiny will be approximately the same in both cases. The Auditor General shall, in order to enable him to fulfil his statutory responsibilities, be provided with a sufficient staff to make a satisfactory audit of the work of the accounts offices ".

62. This arrangement necessarily leads to duplication of work, but, so long as the Auditor General is responsible statutorily for the audit of expenditure from the revenues of India, an additional check by an establishment under his control is necessary when the internal audit of the railways is under another authority.

63. We have, therefore, to consider two questions. Firstly, in what way economies are possible if separation is retained, and secondly if, after the utmost economies that could be effected, the total cost still exceeded the cost that would result if the separation of accounts and audit establishments be abolished, whether the merits of separation are so great as to justify us in recommending its continuance inspite of the extra cost and in the present financial stringency.

64. The Public Works, Accounts and Audit Department Retrenchment Sub-Committee have not expressed a definite opinion on the question of separation. They have, however, recorded that the evidence they had received from officers and associations were practically unanimous that it was more economical and advantageous to revert to the combined accounts and audit system and that some of the witnesses had urged that audit divorced from accounts was less advantageously placed than a combined accounts and audit office in the matter of higher audit. In the various memoranda submitted to us, as we have already said, suggestions have been made to revert to the old system chiefly on considerations of economy. Our position in the matter is briefly this. On theoretical grounds we are perfectly certain that a system under which the accounts staff work as a part of the railway organisation with an independent audit establishment under an outside agency is much the better system. But we agree with the Auditor General that, in practice, much of the success of either system depends on the personality of the officer in question, and that, given the right type of officer, the combined system may be made to yield some of the advantages of the separated system. The Acworth Committee suggested separation as long ago as 1921 and their remarks on the point are so apposite that we make no apology for reproducing them here :—

> " Economical railway management cannot be ensured without a proper system of railway accounting. Apart from a mere audit check of receipts and disbursements, a railway requires a large number of financial returns of various kinds ; not in order to say whether expenditure incurred has been duly authorised, or receipts duly accounted for, but to say whether expenditure is being wisely incurred, whether retrenchment of habitual expenditure is possible under one head, whether new expenditure under another is proving profitable, or even whether a larger expenditure would be likely to be fruitful ; and so on. These are not matters to be left to an outsider. A practical railway man who knows what he is doing in the present, and what changes he is meditating for the future, is alone competent to prescribe and to make use of returns of this kind. But

the accounting staff controlling the Indian railways, from the Accountant-General (Railways) at Delhi down, in the case of the State-managed railways, to the latest joined clerk in a local office, are officials, not of the Railway Board, but of the Finance Department. No doubt these officials gradually get to see the railway point of view, but they must be guided by rules laid down by the Finance Department, framed largely in view of the requirements of the non-commercial departments of Government.

At present the railway accounts are very complicated ; some portions are produced in different forms for the use respectively of the Railway and of the Finance Department. And when, as has happened in the case of the Committee, enquiries are based on the statements made in the Railway Administration Report, and reference is made to the corresponding portions of the Finance and Revenue Accounts of the Government of India, there is great difficulty in reconciling the two sets of figures. We are quite sure that, if the whole matter were under the control of a single department, simplifications could be introduced which would not only make the accounts more intelligible, but result in considerable saving of expenditure. The report of the Auditor General would continue available as at present to secure the financial rectitude of the Railway Administration.

We recommend that the Railway Department should be responsible for its own accounts. We do not exclude, of course such independent and separate audit as the Government of India may think proper to make, on the same principle that obtains in any commercial company, where the shareholders appoint an outside firm of accountants to check and report on the books which are kept by the servants of the directors, the ordinary accounting staff."

Sir Arthur Dickinson has endorsed this opinion. The Legislative Assembly in 1925 and again in 1929 accepted the advantage of this system. It is, therefore, unnecessary for us to dilate on its merits. We need only say that, from experience, both the Chief Commissioner and the Financial Commissioner of Railways were emphatic about the advantages of the new system. The Auditor General, moreover, told us that personally if he were in the Finance Department he would be reluctant to give up separation on railways. We are convinced that the executive of any commercial concern should have information about their business in the form that they desire, and that from a practical point of view it is necessary to have the accounts not subject to any outside authority.

65. At the same time, however, we must recognise that the cost of audit, excluding the cost on Company-managed Railways, is at present Rs. 15 lakhs and that practically the whole of it can be saved by amalgamation. We are definitely of opinion that we cannot in the present financial circumstances contemplate the continuance of the present system if we have to pay this price. Unless, therefore, considerable economies can be effected in the existing organisation of audit and accounts combined, we feel it our duty to say that, whatever the theoretical advantages of the present system, it is not one that Indian railways can afford at present.

66. We turn next to the question of possible economies if separation is retained.

67. As we have already observed, the expenditure on accounts staff in State-managed Railways has increased from 59 lakhs to 82 lakhs in the course of six years. Allowing for temporary establishment and the cost of provident fund bonuses and gratuities to the Railway Clearing Accounts staff which is now debited to this head, the total increase is about 17¼ lakhs. The Financial Commissioner of Railways has expressed the view that a large number of checks exercised at present could be dispensed with or reduced. We have not been

able to go into the details of the matter in the absence of any definite information with regard to the causes for the growth of expenditure, but we are convinced that, with the considerable diminution in receipts as well as in expenditure (both revenue and capital) that is anticipated during the next few years, there should be a corresponding reduction in the expenditure in accounting. This expenditure must, after all, have some relation to the total volume of revenue and expenditure on railways. We may appropriately refer in this connection to the reductions made recently by the Madras and Southern Mahratta Railway in their accounts establishment. They have succeeded, we are informed, in making a permanent reduction of Rs. 22,000 by reduction of staff, as a result of the fall in traffic, and a further temporary reduction of Rs. 5,000 by curtailment of certain detailed checks which were responsible for little or no monetary result.

68. We are consequently definitely of opinion that the expenditure on accounts establishments on State-managed Railways, which is expected to cost 79 lakhs in the current year, should be brought down at once by at least 9 lakhs, and should not, for the next few years, be allowed to exceed 70 lakhs unless of course there is a very large increase in the work done, *i.e.*, in the receipts and in the expenditure (revenue and otherwise) accounted for by the department.

69. In the time at our disposal, we have been unable to go into detailed proposals for economies. But there is one suggestion that has been made to us which we commend for careful consideration, *viz.*, that the necessity in the three bigger railways for retaining a Deputy Chief Accounts Officer for traffic accounting work when a large and by far the more intricate portion of the work, *viz.*, that dealing with foreign traffic, has been transferred to the Railway Clearing Accounts Office, should be carefully investigated.

70. In Company-managed Railways the expenditure on accounts in 1931-32 is expected to be 46 lakhs or 7½ lakhs higher than in 1924-25. For the same reasons, we consider that this is capable of reduction by at least three lakhs. This reduction is lower proportionately than the figure we have recommended for the State-managed Railways, because the increase in Company-managed Railways has been less.

71. We must at this stage turn to the question of the position of the Accounts Department *vis-a-vis* the Agent. At present the Agent of a State-managed Railway has no control over the Accounts Department staff matters being dealt with, in cases beyond the powers delegated to the Chief Accounts Officer, by the Controller of Railway Accounts or the Financial Commissioner of Railways. We have recommended the abolition of the Controller and it is, therefore, necessary to make arrangements to provide for the administrative work at present done by him.

We attach the very greatest importance to retaining unimpaired the independence of the Chief Accounts Officer in matters of internal audit. In any change in the existing arrangements we think it necessary to continue quite definitely the obligation and the privilege of the Chief Accounts Officer to inform the Financial Commissioner of Railways of any differences that arise from time to time between him and the Agent, but, in matters of internal administration of the large staff under his control, we think that it ought to be feasible to provide that such staff shall be subject to the same general conditions of service and to the same disciplinary control of the Agent as is exercised by him over the rest of the staff on the railway, the Chief Accounts Officer occupying the position of a principal officer of the railway in charge of a department. We consider, however, that no powers should be delegated to the Agent with regard to the superior officers in the Accounts Department, and it should be distinctly provided that the Chief Accounts Officer should be at liberty to bring to the notice of the Financial Commissioner of Railways even such differences of opinion as may arise between him and the Agent in matters of administration of the Accounts Department.

72. The further question raised with regard to the position of the Chief Accounts Officer is whether he should be under the Railway Board or under the Financial Commissioner as such. One of our number is unable to accept the latter position. In his view the large, constant, and inexplicable increase in expenditure on this branch, whether under the Auditor General or Financial Commissioner make it necessary in the interests of economy to place it under the Railway Board. The rest of us see no reason to dissent from the expressed recommendation of the Assembly that control over the accounting establishment should pass not to the Railway Board but to the Financial Commissioner of Railways as the representative of the Finance Member. The Financial Commissioner of Railways has explained to us that the original proposal of the Acworth Committee, supported by Sir Arthur Dickinson, was to have the accounts entirely under the Agent of the railway, but the Assembly preferred a half-way house with the accounts staff removed from the control of the Auditor General but placed under the Financial Commissioner of Railways as the representative of the Finance Member and not even under the Railway Board. He was himself not enamoured of half-way houses and was prepared to recommend to the Government that, subject always to the right and duty of the Chief Accounts Officer, where he disagreed with the Agent, to refer the matter to higher authority with some provision that, except in really urgent cases, no action should be taken by the Agent until the matter had been settled by the Railway Board, the accounts should be transferred to the control of the Agent. We discussed this question with the Auditor General who pointed out that in every experimental separation in India hitherto, the separated accounts office had been placed under the Finance Department and not under the purely administrative department. His opinion, with which we fully agree, is that any material departure from this position would be dangerous and unsound. Mr. Mitra, Controller of Railway Accounts, an officer of wide and varied experience in these matters, has also told us his personal opinion that transferring the accounts to the control of the Agent or the Railway Board was a retrograde step likely to lead to a serious loss of efficiency. We have also been informed that in commercial practice in England, cost accounts are directly under the financial manager and not subordinate to the general manager, both these officers being independent of one another but subordinate to the Board of Directors. According to Elbourne's ' Factory Administration and Accounts ' : " The primary responsibility of the accountant is to the financial manager in view of the latter's responsibility for financial accounts and the secondary responsibility is to the general manager ". We are, therefore, definitely of opinion that it is unnecessary and unwise to change the existing organisation under which the Chief Accounts Officer is directly responsible to the Financial Commissioner of Railways and we recommend that all promotions, appointments and transfers which, in our opinion, should be very few, of gazetted staff in accounts offices should be done by the Financial Commissioner of Railways.

73 We now come to the difficult question of expenditure on Audit. The high percentage that the cost of audit bears to the cost of accounting on railways to which we have already referred has also been commented on by the Public Works, Accounts and Audit Department Sub-Committee who say in their report " In our opinion, this high percentage requires close examination, as we doubt whether it would be regarded as correct according to generally accepted standards ". Both the Auditor General and the Financial Commissioner of Railways have told us that there is greater scope for direct economies in audit than in accounts, because ultimately Government can fix any percentage of audit they liked from cent. per cent. to nothing. We agree with the Railway Board that it is undesirable to reduce to any considerable extent the checks at present exercised by the accounts staff in the trust that the audit exercised by the audit staff will bring irregularities or frauds to light later. As the Auditor General put

it, even if a very extensive and expensive audit were undertaken its functions would after all be exercised in all cases after the event.

74. The Auditor General, Sir Ernest Burdon, frankly admitted to us that he was very conscious of the fact that the cost of the existing separated audit was much larger than was desirable or would be regarded as correct according to generally accepted standards, but he was unable to make any recommendations with regard to definite avenues of economy at present. He wished to have an extensive opportunity of studying the problem in detail with the assistance of a selected Director of Railway Audit who had been in continual charge of railway audit for a considerable time. He also wished to be satisfied that the separate accounts organisation had been made aware of their responsibilities and that these responsibilities were conscientiously and energetically discharged. We understand that the former is already the case, and on the latter, we have a definite assurance from the Financial Commissioner of Railways that in his opinion there had been no falling off in the standard of accounts offices since they had passed from the Auditor General's control to his. We are somewhat puzzled as to the doubts expressed by the Auditor General when we remember that, of the accounts staff on the five railways under State management at present, about half, *viz.*, the staff on the North-Western Railway, Eastern Bengal Railway, and the Oudh and Rohilkhand section of the East Indian Railway, had been—and that not a long time ago—under his control and that on the rest though the staff had been under a railway company he had been satisfied with a much smaller amount of audit at the time. Even the present extended audit on Company-managed lines is, as he pointed out, very much less extensive than the audit on State-managed lines, and everybody is agreed that if the two should be differentiated it is in the case of State-managed lines that less extensive and intensive check can be permitted in view of the fact that, in some respects at least, the interests of the company under whose orders the accounts staff are, are divergent from the interests of Government, on whose behalf the test audit is conducted. Secondly, the Auditor General is satisfied in the Military Department that an audit staff costing 4 lakhs as against an accounting staff costing 113 lakhs is sufficient for the discharge of his responsibilities. He seems to have more confidence in an organisation like the Military Accounts Department, which was never under his control, than in an organisation half of which has passed from his control in the recent past and can be assumed to have retained to a large degree their general outlook on the activities of the railway. For all these reasons we consider that it is essential to have a large reduction in the cost of audit. We think it should be possible at once to reduce the cost by half, bringing it down to 10 lakhs a year. It would still be more than 8 per cent. of the cost of Accounts which is double the proportion on the military side.

75. We are confident that, whatever misgivings he may feel about the results of such a drastic reduction, the Auditor General will fully realise the urgency in the present financial circumstances of an immediate reduction in costs and agree to give effect to our recommendations, at least as a temporary measure. In ordinary circumstances we would not have hesitated to accept his suggestion to give him time and opportunities to have a careful investigation into the various methods by which such a reduction could be effected, but, with such a huge deficit confronting us, we are most reluctant to contemplate the present level of expenditure continuing for an indefinite period.

76. In view of the Auditor General's insistence on being given sufficient time for a thorough enquiry before agreeing definitely to a reduction in audit, we saw no use in pursuing alternative suggestions with him

He himself, however, mentioned certain possibilities which were already under consideration, such as the reduction of the number of Chief Auditors by having a larger group of railways in one circle of audit than at present. We note also that the Public Works, Audit and Accounts Sub-Committee of the Retrenchment Advisory Committee has suggested economies in this direction. We are not in a position to go into detail in this matter, but we should like to state briefly our views with regard to the superior staff.

77. At present the superior staff consists of :—

	Rs.
1 Director of Railway Audit on	3,000
5 Chief Auditors on	2,250—100—2,750
6 Class I officers on	1,800—60—2,100
10 Class II officers on	350—1,400
and 17 Assistant Accounts Officers on	500—850
39	

78. We fully agree with the Public Works, Audit and Accounts Retrenchment Sub-Committee in holding that to have a Director of Railway Audit at headquarters and Chief Auditors of similar rank for the various State Railways is an unnecessarily expensive arrangement. The position of this officer is very similar to that of the Controller of Railway Accounts whose post we have already recommended should be abolished. We are definitely of opinion that unless the standing of officers in immediate charge of the audit of individual railways is substantially reduced, there is absolutely no justification for this office which now costs over two lakhs of rupees a year. Apart from the administrative work connected with the staff of the various railway audit offices, which should be reduced to a minimum by adequate devolution of powers, the only work remaining is the co-ordination of audit procedure and the compilation of the report on the appropriation accounts. The Auditor General should, in our opinion, be able to take this over with, if necessary, the addition of a gazetted officer in his office. This proposal corresponds to our proposal with regard to the office of the Controller of Railway Accounts, and we have no hesitation in recommending the abolition of the office of the Director of Railway Audit.

79. As regards the arrangements for audit on individual railways, we consider that the best suggestion is to substitute for the present system of concurrent audit a periodical test check on the basis of every railway being fully inspected once in 18 months or two years. A test check by two parties, each under a very senior officer of the rank of Chief Auditor, if necessary, assisted by one or two Class II officers and one or two Assistant Accounts Officers, staying three or four months at each of the railways and going in detail into the accounts of any month or months selected at random since the previous inspection would, we are convinced, be not only much more economical, but produce much more real and useful results than the present arrangement. It would ensure the element of a surprise check which is so useful a feature of audit inspections. The arrangement would result in the substitution, for the present organisation, of two Chief

Auditors, four Class II officers and four Assistant Accounts Officers and the reduction of the following posts :—

1 Director of Railway Audit,

3 Chief Auditors,

6 Class I officers,

6 Class II officers,

and 13 Assistant Accounts Officers.

The saving would be about 4½ lakhs a year, or, including leave salaries, nearly 5¼ lakhs.

80. If it is considered that the principle of concurrent audit should be retained, an alternative plan would be for Chief Auditors to be replaced by Class I officers on the principal railways. There would then be one Class I officer for each of the State-managed railways and the Clearing Accounts Office and, if necessary, one at Madras for the Southern railways with a Class II officer for each of the other Company-managed railways (Assam Bengal, Bengal Nagpur, Bombay, Baroda and Central India, South Indian and Bengal and North Western Railways) and one each for the larger State-managed railways. In addition, an Assistant Accounts Officer may be allowed, if necessary, for each office, except the Assam Bengal, South Indian and Bengal and North Western Railways where one officer is enough. It would then be necessary to have a senior officer as Director of Railway Audit with a small staff (including if necessary an Assistant Accounts Officer) at headquarters to direct the activities of the audit staff and to compile the report on the appropriation accounts. The total staff would be—

1 Director of Railway Audit,

7 Class I officers,

9 Class II officers,

and 11 Assistant Accounts Officers ; and the reduction would be

5 Chief Auditors,

1 Class II officer,

and 6 Assistant Accounts Officers against one increased Class I officer. The saving would be about Rs. 2 lakhs, or Rs. 2½ lakhs with leave salary.

81. The Public Works, Accounts and Audit Departments Retrenchment Sub-Committee has recommended that there should be Chief Auditors of the rank of Accountant General at each of the principal centres, namely, Calcutta, Bombay and Lahore, directly subordinate to the Auditor General and that the Director of Railway Audit should be abolished, the Deputy Director of Railway Audit with necessary subordinate staff being transferred to the office of the Auditor General. They estimate the savings at half a lakh of rupees. This arrangement is not only more expensive than the others but we are not really convinced that, in principle, the division of railways into groups with a Chief Auditor at the head of the more important circles is altogether sound. The arrangement of making one officer responsible for the audit of a number of railways has the disadvantage of not keeping him in touch with the accounts officers and heads of departments on each of the railways. There is the danger of the Chief Auditor becoming merely a figure head. Away for the most part from the scene of operations, it will be difficult for him to take an active part in the control of the activities of his audit staff dispersed over a number of railways.

Clearing Accounts Office.

82. We have been furnished by the Director of the Railway Clearing Accounts Office with a memorandum explaining clearly and in full detail the reasons for the institution of that office, and the advantages obtained by it, with his estimate of the savings resulting therefrom. His conclusion is that there is a saving of Rs. 2,36,000 at present. This has been based on certain assumptions with regard to the pay of the staff that remained on each railway after the transfer of foreign traffic accounting to Delhi. We understand that these assumptions and the conclusions based thereon have been questioned by the various Chief Accounts Officers though the Director of the Clearing Accounts Office is not prepared at present to accept the validity of the objections. We have not thought it necessary, nor have we had the time, to go into these disputes in detail, but certain broad conclusions emerge even from a cursory study of the figures.

83. Taking the pay of the staff alone and comparing the average costs, we find that the cost under the new arrangements is Rs. 1,60,000 less.

	Old arrangement. Rs.	New arrangement Rs.
Officers	79,000	1,06,000
Subordinates	12,44,000	9,83,000
Servants	13,000	18,000
Provident Fund bonuses and Gratuity	1,62,000	1,36,000
	14,98,000	12,43,000
Temporary establishment	6,000	1,01,000
Total	15,04,000	13,44,000

This saving has been achieved by a reduction in the numbers of the subordinate staff from 1,220 to 1,034 (excluding 95 temporary) and by the introduction of a generally lower level of pay.

84. Against this saving, however, should be set certain additional items of expenditure under the present arrangements, *viz.*,

	Rs.
Charges for machines	57,000
Rent of offices in Delhi	57,000
	1,14,000

Of these, the last can probably be taken as counterbalanced to a certain extent by the rents that were actually paid in certain places (Calcutta for example) before the transfer and the compulsory allowances that used to be given in Bombay to employees of the Great Indian Peninsula Railway. In addition, there must be some savings in allowances and contingencies owing to the smaller staff engaged at present. All told the extra cost to be set off against the saving of Rs. 1,60,000 may be taken as about Rs. 60,000 leaving a margin of a lakh.

85. The actual expenditure on the Clearing Accounts Office at present is Rs. 1,22,000 more than the calculated average. On the other hand, the actual cost of the old arrangements as estimated by the Director of the Railway Clearing Accounts Office is similarly Rs. 1,74,000 higher than the average. Though

this figure is in dispute and has not been accepted by the Chief Accounts Officers whose figures are, we understand, more than a lakh lower, we think that on the whole, the variations can, for our present purpose, be set against each other. For this reason, and the fact that the estimate of what would now have been the cost of establishment under the old arrangements must be largely a matter of conjecture, we have considered that the comparison of average costs is a safer and more reliable method.

86. In comparing costs, however, there are two other things which cannot be overlooked. One is that it is impossible to postpone indefinitely the construction of quarters for the staff in Delhi. We understand that the estimated cost for quarters is about Rs. 24 lakhs. In view of the cost of borrowing at present and the fact that under present rules the amount recovered from employees is about 4 per cent. on the capital cost and is limited to 10 per cent. of the pay drawn by them it will probably not be far wrong to take the total loss resulting from the construction of these quarters at nearly a lakh of rupees per annum taking into account both interest and maintenance.

87. The other is the fact that the maintenance of a centralised office like this has made it necessary to have a separate establishment for the audit of its transactions. The Audit Office costs at present Rs. 1,65,000—(pay of officers Rs. 38,000, establishment Rs. 1,06,000 and other charges Rs. 21,000). If the Clearing Accounts Office is decentralised it seems reasonable to expect a considerable saving in the audit expenditure as well, for the work can be arranged for in the various audit offices without a corresponding increase in cost. There is no doubt that the whole cost of the officers can be saved and, in addition, probably about a third of the cost of establishment and other charges, so that we should be justified in taking the additional saving following the abolition of the Clearing Accounts Office at about Rs. 75,000. This is on the present procedure of audit. If our proposals with regard to the substitution of a test audit for a concurrent audit are given effect to, the savings on account of decentralisation will be much less.

88. Taking all these facts into consideration we cannot conclude definitely that the institution of this office has resulted in any appreciable saving. On the other hand, apart from the necessity of construction of quarters, which is a matter for the future, we are equally far from being convinced that it has resulted in any appreciable additional cost and, in particular we cannot say that there will be any immediate and direct financial advantage in reverting to the old arrangement. Apart from the immediate resulting disorganisation, reversion at present to the old arrangements might very well involve an immediate, though temporary, additional cost. We are, however, constrained to observe that the main or practically the only real virtue claimed for centralisation is economy ; and judged by this criterion, a *prima facie* case may be made for the abolition of this office and reversion to the old arrangements. And, while we do not recommend the abolition of this office at present, we consider that its retention should depend on its being possible to reduce expenditure appreciably. We have no doubt that such a reduction is possible particularly when we note that in the statement of costs the Director has assumed a temporary establishment costing over a lakh of rupees on the average which seems to hint at its continuing indefinitely. The retention of a temporary staff of this size is, apart from its cost, very unsatisfactory. We suggest the immediate consideration of the question of the necessity of retaining the staff, both permanent and temporary, at its present strength specially taking into account the reduction in traffic earnings on the level of which the work in this office should depend to a considerable extent. We feel that there is not at present, as there should be,

adequate machinery to make the expenditure in this office respond immediately to the work done. We say this deliberately because it should ordinarily have been expected that with such a large fall in traffic earnings there should be similarly, though not necessarily in the same proportion, a decrease in the work done which would be represented by the number of invoices handled. We have been informed, however, by the Director, though he could not give us any figures in support of this statement, that the number has not decreased. We should like this point kept steadily in view and adequate information kept to see that the staff in the office is not kept at a higher level than the work justifies.

89. Finally, we cannot help feeling that the present system under which the total cost at the end of the year is distributed in fixed proportions between the different railways is not fair to the railway administrations as it saddles them with an expenditure entirely outside their control. At the same time it leaves no incentive to the Railway Clearing Accounts Office to make further economies.

90. Having reviewed the expenditure on Accounts and Audit, we recommend—

(1) that the cost of accounting on railways should be reduced by 12 lakhs, namely, on State-managed Railways by 9 lakhs and on Company-managed Railways by 3 lakhs ;

(2) That the cost of the audit staff should be reduced by 10 lakhs, and, in particular,

(a) that the office of the Director of Railway Audit should be abolished ;

(b) that the existing concurrent check be replaced by a test check ;

(3) that if the Railway Clearing Accounts Office is to be retained its cost should be reduced by at least one lakh ; and

(4) that unless the total cost of the accounts and audit organisations on State-managed Railways be reduced in accordance with our recommendations, the question of amalgamating the departments should be taken up for consideration.

CHAPTER VI.

ADMINISTRATION.

91. In considering this expenditure we have thought it desirable to take into account also the administrative expenses on strategic lines which are inextricably mixed up with the expenditure on commercial lines. The table below gives the figures under the various sub-heads of the demand for commercial and strategic lines taken together.

(Figures of cost in thousand of rupees.)

Particulars.	Actuals.						Revised Estimate 1930-31.	Budget Estimate 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Agency	36,63	44,48	47,21	52,06	51,81	54,46	57,80	55,80
Audit and accounts ..	97,53	1,04,19	1,07,19	1,15,47	1,19,06	1,22,38	1,29,10	1,25,30
Cash and Pay	12,47	13,15	13,42	13,55	13,71	14,19	14,60	13,70
Stores Department	48,02	51,07	52,03	55,50	59,84	62,20	64,85	63,35
Engineering Department ..	1,96,30	2,04,24	2,12,96	2,17,80	2,22,75	2,33,83	2,38,35	2,32,90
Locomotive Department ..	1,22,35	1,29,03	1,34,52	1,39,93	1,45,66	1,52,46	1,56,80	1,53,40
Carriage and Wagon Department.	48,72	51,78	54,18	56,15	58,84	63,19	64,25	63,50
Traffic Department ..	1,25,69	1,33,58	1,34,37	1,35,45	1,38,50	1,40,65	1,42,70	1,40,15
Medical Department ..	36,82	38,54	40,42	41,55	43,94	45,31	47,30	46,35
Steam Boat Service ..	4,09	3,84	4,06	4,08	4,22	4,32	4,15	4,00
Telegraph Department ..	64,95	64,23	67,58	65,27	63,50	64,80	64,53	64,82
Police	46,62	51,53	49,93	51,00	54,13	55,36	56,73	55,71
Electric Service Department	..	56	1,44	5,61	6,31	7,86	8,45	8,70
London Board Establishment.	16,15	12,25	10,88	10,63	10,42	9,79	9,65	9,80
Government Supervision ..	16,53	12,59	12,06	12,23	11,93	11,31	11,44	11,50
Contribution to Provident Fund.	1,55,15	1,57,78	1,63,70	1,67,64	1,72,51	1,81,11	1,83,25	1,83,15
Gratuities	82,38	68,12	68,00	76,74	1,06,99	70,44	72,30	69,37
Publicity Expenses ..	1,22,30	1,36,13	1,32,05	1,23,60	11,81	16,39	15,25	13,41
Other expenses					1,23,99	1,28,08	1,25,50	1,16,59
Contribution to the Staff Benefit Fund.	..	..	..	..	..	..	..	3,50
TOTAL ..	12,32,70	12,77,09	13,06,00	13,44,26	14,19,92	14,38,13	14,67,00	14,35,00

92. It will be observed that the expenditure in 1929-30 was 14,38 lakhs—an increase of 2,05 lakhs over the expenditure five years earlier. The latest approximate figures for 1930-31 show the expenditure at 14,89 lakhs —an increase of 51 lakhs over the previous year. Details by sub-heads of this are not yet available. Before we examine the growth of expenditure under this head, we think it desirable to review briefly the measures taken by railway administrations to reduce expenditure and the results achieved therefrom.

93. We have been informed by the Railway Board that railways claim to have effected economies in 1930-31 under this head amounting to about 9 lakhs, though as a matter of fact there was an increase over the previous

year's expenditure of nearly half a crore. The claim made by railways that they have introduced economies to this extent merely means that, but for such efforts, the expenditure would have been higher to that extent. The economies are really masked by the normal growth of expenditure due to additional staff and increments to existing staff. No data are available showing exactly what can be taken as the normal growth, though the Railway Board have estimated that ordinarily an annual increase between 30 and 40 lakhs is to be expected under this demand. In 1930-31, there were further special reasons for an increase, such as gratuities paid to loyal staff on the Great Indian Peninsula Railway, the additional staff required for the introduction of the Geneva and Washington Conventions on certain railways, gratuities to discharged workmen, *e.g.*, on the transfer of the Bombay, Baroda and Central India Workshops to Dohad and so on. It must be remembered that under this demand are included contributions to provident fund and gratuities of all staff whatsoever on railways, whether they are charged to this demand or to demand No 5. Out of the 2½ crores that these two figures represent, it has been estimated that only one crore should be taken as pertaining really to the staff whose pay is debited to this head. With the large discharges of staff that have taken place in the current year there will be additional expenditure under this head as a result of the gratuities payable on discharge to these men, the savings resulting from the discharge being shown in demand No. 5. To illustrate this, we may say that we have been informed that during the first four months of the current year the charges under this head have exceeded the charges in the similar period last year by 20 lakhs, but the estimate of railway administrations of the results of economies they have already introduced in expenditure coming under this head is 35 lakhs for the year 1931-32, of which 16 lakhs is under 'staff'. Some of the methods by which these economies have been secured are given below—

(1) Some gazetted posts have been abolished and a larger number have been held in abeyance during the absence on leave of the permanent incumbents or otherwise. Some others have been replaced by posts of a lower grade. On the North Western Railway, for example, 28 posts will be reduced by the end of September 1931 and five more by the end of the year. 21 posts and 8 posts respectively have been held in abeyance on the East Indian and the Great Indian Peninsula Railways. On the Eastern Bengal Railway 6 have been abolished, and 11 more will be kept in abeyance and on the Burma Railways 3 posts have been held in abeyance and a reduction of 8 posts is under examination. Taking Companies' railways, the Bombay, Baroda and Central India Railway has decided to hold in abeyance 24 posts, the majority of which represent leave vacancies ; and on the Bengal Nagpur and Madras and Southern Maharatta Railways 15 and 8 vacancies respectively have been left unfilled.

Out of a total strength of 1,127 on the State-managed Railways 78 posts are unfilled at present and on Company-managed lines out of about 850, 52 posts have been held in abeyance.

(2) Special pay of a large number of officers has been abolished or reduced.

(3) Some compensatory allowance have been abolished and others, such as the compensatory allowances in expensive towns like Calcutta, Madras, Bombay, and Rangoon, have been reduced by 12½ per cent.

(4) A large number of office staff has been reduced either by vacancies left unfilled or by actual discharges. On the South Indian Railway we are informed that the office hours have been increased by 45 minutes and the holiday granted on last Saturdays cancelled and proposals for additional staff given up.

(5) Certain railways have given compulsory leave to their staff.

(6) Travelling allowances have been reduced. The Bengal Nagpur Railway, for instance, estimates a saving of Rs. 38,000 under this head ; the South Indian Railway has, in the first four months, saved Rs. 30,000 as a result of the revision of travelling allowance rules.

(7) Certain Company railways, for example, the Assam Bengal and Bengal Nagpur Railways, have reduced the expenses of their Home Boards.

(8) Publicity charges have been reduced to a considerable extent by putting publicity under the Commercial department, reducing or suspending the number of tourist advisers and cinema cars, suspension of the issue of All-India Time Tables, etc.

(9) Large reductions in contingent expenditure have been made by economising in the use of stationery, curtailing of printing and reduction of stocks held in the printing departments, by decreasing expenditure on telegrams and postage, use of cheaper paper, reduction of periodicals purchased, curtailment of telephones both in offices and residences, &c.

(10) Certain railways have either closed training schools or have re-organised them so as to reduce the staff employed.

(11) The East Indian Railway has stopped recruiting for the Watch and Ward Department and has combined two districts into one and saved Rs. 36,000 by this means.

(12) Changes in the length of line in charge of permanent-way inspectors have resulted in reductions in their number.

94. The growth in the expenditure recorded under the head ' Administration ' has been very much higher than the growth in other main heads of working expenses. The approximate expenditure in 1930-31 is stated to be 14.89 crores, and is 2.56 crores over the figures of 1924-25. As a result of the passing of three Company-managed railways to State-management there has been a saving of 15 lakhs in contributions to Local Governments, London Board's Establishments and charges for Government supervision, and this may be taken as a set-off against the fact that the figures for 1924-25 do not include the cost of sterling overseas pay to officers of Company-managed railways which was sanctioned in 1926. The increase is about 21 per cent. If we compare with this the growth of expenditure under other heads relating to working expenses, we find that the percentage of increase is not so marked, *e.g.*, under Repairs and Maintenance there is a small decrease of 45 lakhs. Under Operation other than fuel, it is only 7 per cent., if we take into account the fact that the working expenses of 1924-25 secured a benefit to the extent of (*a*) 141 lakhs, on account of the decision that railway companies were not liable to pay customs duty on stores imported for a State railway as a result of which past payments were refunded, and (*b*) 38 lakhs on account of payment from the railway reserve fund of the cost of writing down certain stores to their market value.

95. The total increase in administration charges is much higher than the increase in mileage warrants ; for, though the total State-owned mileage in 1930-31 exceeds that in 1924-25 by 4,200 miles, over 1,100 miles of this were due to the purchase of the Delhi Umballa Kalka and Southern Punjab Railways, which were formerly worked by State Railways, and there has been no additional work involved by the purchase. The real increase in mileage is therefore only 3,100 miles or about 11 per cent. of the mileage at the beginning of the period. We should ordinarily have expected that additions to mileage would not increase the costs of administration to the same extent, but administration charges have been increasing at a more rapid rate.

96. Again we may compare the percentage of increase with the increase in " Operation charges (other than fuel) " which depend on the mileage worked to a large extent. Though it is true that the fact that the total of these charges has increased only by 7 per cent. is partly due to a fall in the price of consumable stores, the total cost of operating staff, taking running staff, office staff, and other staff together, has increased only by about 1¾ crores in the interval—a proportion of about 16 per cent. Looked at from any point of view, therefore, the growth in administration charges must be considered far too high.

97. We have been informed that the operation of the incremental scales of pay leads to large automatic annual increases in cost. The Financial Commissioner of Railways told us that taking into account also the staff whose cost is booked under repairs and maintenance and operation it was estimated that the increase due to the incremental scales of pay was nearly 80 lakhs a year. We understand it was not possible to say when these scales would reach a stationary stage. We trust that the Railway Board are fully alive to the dangers of the position and intend to take steps to modify the time-scales to a considerable extent. We have been informed, however, that in all recent reorganisations and revisions of pay the tendency has been the other way round and that time-scales of pay have been introduced in cases where they have been previously unheard of, *e.g.*, in the scales of pay for permanent way gangmen, workshop labour and the like.

98. We have also been given to understand that the expenditure under the head " Administration " is inflated by the inclusion of the contributions to the Provident Fund and Gratuities in respect of staff chargeable to Demand No. 5 and that the latter amount may be taken as amounting to about 1½ crores at present. Even deducting that amount, we find that the expenditure in 1930-31 is over 13-1|3 crores and forms 23 per cent. of the total ordinary working expenses (excluding contributions to the Depreciation Fund). With a reduction in working expenses to 50 or 51 crores as we expect, the proportion will rise still further. We desire, therefore, most emphatically to impress upon the Railway Board the absolute necessity of reducing these charges.

99. We should like, to refer to a few of the sub-heads under which the increase has been most pronounced. For this purpose, we have to confine ourselves to a comparison between 1924-25 and 1929-30, as the distribution of the total expenditure in 1930-31 is not yet available.

Under " Agency " the increase is 50 per cent. This is partly due to the introduction of the Divisional system in the North Western Railway.

Under " Stores Department ", the increase is nearly 30 per cent. There seems to have been a considerable increase in the activities of this department.

Under " Engineering Department " the increase is 19 per cent. The increase in mileage is about 10 per cent.

Under " Locomotive Department " the increase is 25 per cent. The re-organisation of the workshops, (*e.g.*, the introduction of Production Engineers and so on) has resulted in an increase of staff and of cost under this head.

Under " Carriage and Wagon Department " the increase is nearly 30 per cent., though we have been told that the re-organisation resulting from the Raven Committee's recommendations had little to do with this department.

Under " Traffic Department " the increase between 1924-25 and 1929-30 is 12 per cent. Traffic earnings increased during the period by about 2 per cent., and have since declined very considerably.

100. We have not had sufficient time at our disposal to examine this question in detail, nor do we feel that we have sufficient detailed knowledge of railway working to enable us to do so, but we think that this growth of administrative expenditure is a phenomenon which deserves most careful study by the expert committee whose appointment we recommend.

101. *Divisional System.*—There is one question, relating to administration, on which we would like to comment at some length. The Divisional organisation has been in existence for a number of years on the East Indian and North Western Railways. The Great Indian Peninsula Railway has adopted a half-way measure by which there is, so to say, an operating divisional organisation, while the engineering and the commercial sides are still run departmentally. The Eastern Bengal Railway has not adopted the divisional system, nor, so far as we are aware, have any of the Company-managed railways. Various advantages have been claimed for this system by its advocates and on the other hand there have been many unfriendly criticisms of it as leading mainly to additional expenditure and resulting in no advantage. We have examined on this point the Agent, North Western Railway and officers from each of the State-managed railways with a divisional organisation who have had personal experience of working it. We are afraid, however, that it will require more detailed investigation to arrive at any definite conclusions in the matter. There are a few points, however, that struck us in our investigation which deserve to be mentioned here.

102. In the first place we feel that the advocates of the divisional system are inclined to claim too much for it. Mr. Highet, Agent of the North Western Railway, told us that judged by results the divisional organisation has been a success. The cost per train mile in 1924-25 was 91.3 annas and had been reduced in 1929-30 to 75.9 annas. When it was pointed out that there were many other causes which must have had their part in effecting this reduction such as a fall in prices of fuel and consumable stores, the reorganisation in workshops and the steps taken by special staff to economise in fuel, he still claimed that the improvement was mainly due to the introduction of the divisional system.

103. While such a claim can neither be disproved nor actually proved, we feel strongly that the divisional organisation has not always resulted in the decrease in direct costs that might have been expected of it. With a senior experienced officer as Divisional Superintendent, it is obvious that the headquarters organisation should be considerably cut down. The divisional Superintendent is expected to take full responsibility for the harmonious working of his division and to act as a sort of semi-Agent so far as his division is concerned, and we consider that the logical conclusion of the divisional system of organisation is that there should be as little interference from headquarters as possible and that the Agent should confine himself to directing broad matters of policy. We find, however, that on the North Western Railway in spite of each division having two or three divisional engineers, the Engineering

branch at headquarters still consists of one Chief Engineer, and three Deputy Chief Engineers. There is, we have no doubt, considerable scope for reduction at headquarters if the present divisional organisation should remain and be a success.

104. Secondly, the system on the Great Indian Peninsula Railway which is somewhere between the district and divisional organisation has little to recommend it. The joint staff, who do both transportation and commercial work at small stations are partly under the Divisional Transportation Superintendent and partly under the Divisional Commercial Manager, and there is grave risk of friction with consequent loss of efficiency. We consider that if the divisional organisation has led to increased efficiency it ought to be carried much further on the Great Indian Peninsula Railway and that the Commercial Department and Engineering staff should be put under the Divisional Superintendent. We understand that duplication of work can be avoided and a number of staff particularly those dealing with establishment can be reduced if this were done.

105. Again we have been impressed with the fact that at present quite a large number of Inspectors of different departments are working independently of each other. The North Western Railway Labour Union told us that in the Delhi Division alone there were 4 Transportation Inspectors, one Commercial Inspector, one Watch and Ward Inspector with two Sub-Inspectors, two Loco. Inspectors, one Fuel Inspector and one Carriage and Wagon Inspector, and in addition there were Inspectors from headquarters going round the divisions, such as Claims Inspectors, Telegraph Inspectors, Trains Traffic Inspectors, Rolling Stock Inspectors, Stationery Inspectors, Labour Inspectors and Goods Transit Inspectors. We understand that on the East Indian Railway steps had been taken to combine the duties of Inspectors, *e.g.*, Commercial and Transportation Inspectors, and we feel that a considerable reduction of staff can be achieved by making one Inspector with a shorter beat do most of the inspections in his particular area. These remarks should not be read as only applying to railways organised on a divisional basis. There is a large number of Inspectors on all Railways and we consider that Administrations should take an early opportunity of reviewing the work performed by these Inspectors, with a view to eliminating appointments where this is practicable by the combination of duties.

106. We were informed that on the North Western Railway the mechanical workshops had been constituted into a division, and there was a Superintendent of Mechanical Workshops who took the place of a Divisional Superintendent. We are not sure what advantage there is in having this officer between the Works Manager and the Chief Mechanical Engineer. This, however, is a technical matter on which we do not propose to express an opinion, but we suggest that the organisation of the mechanical workshops should be very carefully reconsidered.

107. We also think that the question of re-examining the size of the present divisions should be taken up at once. It has been represented to us that the Ferozepore Division on the North Western Railway can be easily split up into three parts which could be added to Lahore, Delhi and Multan. The question of the possibility of re-organising the system so as to reduce the number of Divisions, and the allied question of similarly increasing the charges of other officers and thus reducing the total number does, we feel, deserve careful consideration on all railways.

108. Finally we come to the question of personnel officers. After hearing both sides of the question as represented by the Labour Unions on the one hand and the Divisional Superintendents on the other, we are inclined to the opinion that there is an unnecessary duplication of work in the present

system. The Labour Union claims that, so far as the staff is concerned, this branch was giving them more trouble instead of helping them and that, if they were directly under heads of departments they would get better treatment. They admit that this institution has produced uniformity of treatment as between employees in different departments, but this uniformity was not necessarily an advantage. It seems *prima-facie* desirable that the staff should be dealt with by the executive heads of their department and that the Personnel Branch is unnecessary. Particularly we consider that an organisation like that on the North Western Railway where there are 12 officers at the divisions and 5 at headquarters is unnecessarily extravagant. While the staff should have a right of appeal to the Agent from the decisions of the Divisional Superintendent or Divisional Head of Department and there should be a small organisation at headquarters to assist the Agent in dealing with personnel questions, we think that the present large organisation is quite unjustified.

CHAPTER VII.

Repairs and Maintenance and Operation.

109. As in the previous chapter we have thought it necessary to take into account, in considering this question, the expenditure on strategic lines. The table below gives figures under the various sub-heads of the demand for commercial and strategic lines taken together :—

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised estimate 1930-31.	Budget estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Repairs and Maintenance of Way and Works ..	5,55,51	5,17,85	5,59,91	6,21,66	6,71,29	7,83,71	7,57,00	6,78,50	
Replacements and Renewals of Way and Works not chargeable to the Depreciation Fund ..						47,66	48,75	40,00	
Less credits to Revenue						—1,92,63	—1,85,00	—1,83,50	
Net Way and Works	5,55,51	5,17,85	5,59,91	6,21,66	6,71,29	6,38,74	6,20,75	5,35,00	
Repairs and Maintenance charges of Rolling Stock—									
Locomotives	4,76,65	4,46,38	4,75,77	4,52,65	4,72,77	5,02,63	4,93,00	4,67,00	
Coaching vehicles	2,53,26	2,45,55	2,65,69	2,61,84	2,35,01	2,42,57	2,35,75	2,29,00	
Goods vehicles	2,98,28	3,00,08	2,83,12	2,32,07	2,40,81	2,31,20	2,39,75	2,12,00	
Payments on account of damages to and deficiencies in interchanged stock	27,02	—1,46	11,36	25,15	30,97	24,99	..	..	
Replacement and Renewals of Rolling Stock not chargeable to the Depreciation Fund ..	..	..	..	..	—34,62	31,90	20,00	13,00	
Less credi s to Revenue						—51,31	—75,00	—74,00	
Net Rolling Stock	10,55,21	9,90,55	10,35,94	9,71,71	9,44,94	9,81,98	9,13,50	8,47,00	
Repairs and Maintenance of Machinery, tools and plant and Miscellaneous	1,99,31	2,09,40	2,19,79	2,11,93	1,94,58	2,20,47	2,17,95	2,04,15	
Replacement and Renewals of Machinery, tools and plant and Miscellaneous not chargeable to the Depreciation Fund						3,64	2,50	2,50	
Less credits to Revenue						—3,69	—7,70	—8,65	
Net Machinery, tools and plant	1,99,31	2,09,40	2,19,79	2,11,93	1,94,58	2,20,42	2,12,75	1,98,00	
Credit from Depreciation Fund being net result of corrections of certain past erroneous adjustments	..	..	..	..	..	..	—84,00	..	
Total Repairs and Maintenance	18,10,03	17,17,80	18,15,64	18,05,30	18,10,81	18,41,14	16,63,00	15,80,00	15,19,00

Note.—Up to 1928-29, figures of repairs and maintenance include credits to Revenue.

(Figures in thousands of rupees).

Particulars.	Actuals.						Revised estimate, 1930-31.	Budget estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Staff—									
Station Staff	5,62,98	5,87,62	6,01,88	6,08,43	5,25,66	5,50,72	5,55,45	5,59,55	
Running Staff	5,18,33	5,17,75	5,25,97	5,66,04	4,63,78	4,77,88	4,75,00	4,76,50	
Other Staff					2,19,90	2,28,54	2,28,65	2,26,00	
Contingent charges and clothing	2,91,57	2,77,97	2,67,07	3,06,93	34,35	34,66	34,20	31,00	
Stationery forms stores and tickets					37,73	36,89	34,70	28,60	
Compensation for goods lost or damaged ..	57,63	29,16	15,12	9,39	2,26,22	2,29,73	2,21,80	2,08,50	
Hire charges and other payments to railways ..	2,18	—6,48	—15,08	—24,40	10,74	8,93	8,10	8,10	
Expenses on handling of goods at out agencies..	39,16	2,37,72	2,31,60	1,49,77	44	—23,63	—1,00	—90	
Miscellaneous					79,09	83,40	71,40	71,00	
					1,01,59	88,69	81,70	71,65	
Total operation other than fuel	14,71,87	16,43,74	16,26,56	16,16,16	16,99,50	17,15,81	17,10,00	16,80,00	16,16,00
Fuel—									
Coal	6,43,23	5,24,83	4,21,01	3,67,10	3,06,43	3,06,17	3,05,00	3,13,95	
Other fuel					49,06	45,66	42,00	40,05	
Freight and handling charges	4,14,99	5,02,40	4,58,40	5,05,77	5,04,94	4,98,49	4,56,00	4,69,00	
Electric Power				15,37	26,78	42,78	47,00	52,00	
Total Fuel ..	10,58,22	10,27,23	8,79,41	8,88,24	8,87,21	8,93,10	8,50,00	8,75,00	8,75,00
Total Final Heads	43,40,12	43,88,77	43,21,61	43,09,70	43,97,52	44,50,05	42,23,00	41,35,00	40,10,00
Add—Suspense	—37,64	—9,73	—5,66	2,97	—32,44	29	..	..	..
Deduct—Worked lines	3,70,45	3,56,80	3,32,53	3,51,04	3,63,35	3,29,52	2,65,00	2,70,00	2,70,00
Total Working Expenses	39,32,03	40,22,23	39,83,42	39,61,63	40,01,73	41,20,82	39,58,00	38,65,00	37,40,00
Refunds of Revenue collected	..	..	21,34	13,55	15,48	14,66	15,10	15,10	15,10
GRAND TOTAL ..	39,32,03	40,22,23	40,04,76	39,75,18	40,17,21	41,35,48	39,73,10	38,80,10	37,55,10

110. It is convenient to consider the expenditure under the main heads Repairs and Maintenance, Operation other than Fuel, and Fuel, separately. We give separately under each head a review of what has already been done by railways, and the methods adopted by them for the purpose.

REPAIRS AND MAINTENANCE.

111. The expenditure in 1929-30 was 18.41 crores, whereas the approximate expenditure during 1930-31, is about 17.65 crores, a reduction of 76 lakhs. We have been informed that railways claim to have effected economies in 1930-31 under this head amounting to about 164 lakhs and as we have pointed out in connection with Demand No. 4, this means that but for the efforts made by them the expenditure would have been higher to that extent. In the current year, railway administrations have estimated that, owing to the various measures of economy introduced by them, the expenditure is likely to be reduced by 241 lakhs. This is borne out by the fact that in the first four months of the year the expenditure on Repairs and Maintenance has been about 128 lakhs lower than last year. We have been informed that, of the total saving of 2½ crores, about a crore can be taken as a permanent saving and 3|4 crore can be taken as expenditure merely postponed for the time being, the rest being a temporary reduction.

112. We have printed as appendix G to this report a summary of the important measures of economy introduced and anticipated savings therefrom during 1931-32. We mention a few of the more important here :—

(1) On most railways temporary permanent-way gangmen, usually taken on after the monsoon, were given up and the strength of the permanent gangs and level crossing gatemen were carefully examined and where possible reduced. The East Indian Railway, for example, expects a saving of 7 lakhs as a result of these.

(2) On several railways the annual waste of track ballast was not made good or only partially so. The Burma Railways anticipate a saving of 5 lakhs owing to the reduction of ballast and cess repair work which will have to be made good next year.

(3) Repairs to staff quarters, buildings and bridges were drastically curtailed. The postponement of periodical repairs, for instance, on the Bengal Nagpur Railway is estimated to have resulted in economies to the extent of 7 lakhs ; on the Great Indian Peninsula Railway to the extent of 4¼ lakhs ; and on the Madras and Southern Mahratta Railway of about 3 lakhs.

(4) Use of engineering ballast trains was everywhere drastically reduced ; as an example we might mention that the East Indian Railway anticipates a saving of 3 lakhs on this account.

(5) The scales of consumable stores, tools and plant were scrutinised and reduced and scrap material was reclaimed and reconditioned.

(6) The number of inspection trollies was reduced and in some cases the crew of each trolly was curtailed.

(7) It has been decided generally that only essential minor works would be undertaken.

(8) The time between overhauls of rolling stock was increased ; for example, for mail and express passenger stock the time was increased on one railway from six months to nine months and for other passenger stock from nine months to twelve months. Most railways have adopted the procedure accepted by the Indian Railway Conference Association of extending the time between periodical overhauls of wagons from two to three years. The East Indian Railway estimates a saving of 13 lakhs from this source.

(9) Continued experiment in methods of repair has brought about a decrease in the unit cost in some cases.

(10) Workshop repairs were curtailed on certain railways.

(11) Rolling stock was laid up when not required ; for example, the Burma Railways have kept in store 55 engines, 220 four wheeled coaches and nearly 1,500 goods vehicles.

(12) Overtime was reduced in shops and sheds and short time was introduced in many workshops ; the North Western Railway, for example, attributes a saving of 12 lakhs to this.

(13) Some railways have closed certain workshops altogether ; the Bengal Nagpur Railway has closed the Waltair wagon shops, the East Indian Railway has closed the Manauri Oil Factory, and the Eastern Bengal Railway has closed the Lalmonirhat and Dacca Shops.

OPERATION OTHER THAN FUEL.

113. The expenditure in 1929-30 was 17.16 lakhs. In 1930-31 it is approximately 17.61 lakhs an increase of 45 lakhs. The railways on the other hand, estimate that the economies effected by them in 1930-31 were responsible for reducing the total expenditure by 48 lakhs. In 1931-32, similarly, the estimates of railways of reduction under this head amounts to 118 lakhs and in the first four months of the year, the expenditure is actually lower by 37 lakhs. The following are among the various methods which have been adopted by railways for reduction of expenditure :—

(1) All railways have reduced or attempted to reduce expenditure on staff according to the fall in traffic by compulsory discharge, or giving men inducements to retire voluntarily, placing them on compulsory leave, or reducing them to a lower grade.

(2) Many railways have reduced the number of train miles—both goods and passenger trains. The East Indian Railway claims a saving of 12 lakhs on this score.

(3) Efforts have been made by all railways to reduce their consumption of stores and to substitute cheaper stores wherever possible. The Eastern Bengal Railway has saved 3½ lakhs by these measures and the Bengal Nagpur Railway 2½ lakhs.

(4) Many railways have reduced the scales of uniforms and clothing supplied to staff. The Bengal Nagpur Railway, for instance, estimates a saving of Rs. 1,15,000 on account of this.

(5) Steps have been taken to reduce lighting leading to a saving in electrical charges. The Bombay Baroda and Central India Railway has reduced flood lighting in station yards and train lighting to a certain extent and claims to have saved a lakh and a half by these measures.

(6) A large number of stations have been closed down or converted to flag stations. Similarly a number of yards and engine sheds have also been closed down. The Great Indian Peninsula Railway estimates a saving of 4 lakhs owing to the closing of stations.

(7) Certain branches have been closed wholly or in part, for example, the Bombay Baroda and Central India Railway has closed the Agra-Bayana section to night working.

(8) Many railways have tried increasing wagon loads and loads of goods trains where larger engines were available, amalgamating trains and reducing the speed of trains, extension of locomotive runs, and closing of watering stations.

(9) The Bombay Baroda and Central India Railway has saved Rs. 67,000 on the metre gauge by arranging for the coaling of engines at stations nearest the coal fields.

(10) Handling allowances to station staff have been reduced; the Eastern Bengal Railway, for instance, has reduced them by 12½ per cent.

(11) Shunting charges were reduced by the East Indian Railway by the partial closing of yards at Moghalsarai, Jhajha and Gaya.

114. *Fuel.*—The expenditure on fuel in 1929-30 was 8.93 crores and in 1930-31 was 8.61 crores—a decrease of 32 lakhs. Economies claimed by railways under this head amount to 42 lakhs, which is not very far from the former figure. For 1931-32 though the price of coal is generally slightly higher than in the previous year, railways expect to save 85 lakhs under this head, and this is not unlikely to be correct, since they have already saved 44 lakhs in the first four months. This saving is due partly to the reduction in coal consumption owing to the fall in traffic and partly to conscious efforts at fuel economy and rationing of coal. Some railways have tried the partial use of cinders to replace coal in pump boilers and shunting engines. The Bombay Baroda and Central India Railway has economised in electric energy for traction by the introduction of coasting boards indicating to drivers when current should be cut off.

115. Beyond giving a review of what has actually been done by railways, we have not been able to make any specific recommendations. Though from this review it would appear that there is still scope for considerable economies, we must observe that railways have realised the need for economies in this direction and have done a great deal to achieve them.

CHAPTER VIII.

New Construction (Commercial Lines).

(Demand No. 7.)

116. The expenditure varies considerably from time to time depending as it does so much on the capital funds available. The amounts since 1924-25 are as follows :—

(Figures in lakhs of rupees.)

1924-25	2,78
1925-26	3,93
1926-27	6,59
1927-28	9,91
1928-29	8,80
1929-30	6,50
1930-31 Estimates	3,75
1931-32 Estimates	2,84

117. The expenditure since 1928-29 has been more and more restricted to completion of works already started ; and no new constructions are likely to be started in the near future as, so far as we can see, the possibility of railways getting new capital funds to any considerable extent are remote.

118. We have printed as Appendix F to this report a statement showing the expenditure on new constructions since 1924-25 which is well worth careful study. It shows that in quite a number of cases the original estimate of expenditure has been considerably exceeded, while on the other hand, and partly for this reason, the net return has been much less than anticipated. In some cases, it seems, at present, impossible to expect that the return originally anticipated will be obtained in any reasonable length of time. This is, no doubt, partly due to the world-wide economic depression but from the statement one gains the impression that railways, in the first flush of having unlimited funds at their disposal, commenced new constructions on too optimistic estimates. As regards estimates, there are over a dozen instances when estimates have been exceeded by over 20 per cent.—we are showing these in italics in the statement in Appendix F. We would here draw special attention only to two projects : the Calcutta Chord Railway which was originally estimated to cost 180 lakhs and is now estimated to cost 320 lakhs, and the Kangra Valley Railway which was started on an estimate of 134 lakhs and is now expected to cost nearly 3 crores.

119. The total expenditure on new constructions from 1924-25 to 1930-31 is over 42 crores, and it is the interest charges on this capital and on the capital sunk on Open Line Works—which amounts to over 105 crores in the same period (exclusive of 15 crores for the purchase of existing lines) which have contributed to a great extent to the condition in which railways find themselves at present. We consider that this ought to be a lesson to the Railway Board for the future.

CHAPTER IX.

Open Line Works (Commercial Lines).

(Demands Nos. 8 and 10.)

120. We take Demands Nos. 8 and 10 together, for these give us the total expenditure on renewals and replacements of, and additions to, existing works. The table below gives the total expenditure year by year, exclusive of the amounts spent on the purchase of existing lines.

(Figures in lakhs of rupees.)

	Demand No. 8. Capital. Open line works. (Exclusive of purchase of new lines.)	Demand No. 10. Appropriation from Depreciation Fund.	Total expenditure on additions, renewals and replacements.
1924-25	10,04	7,29	17,33
1925-26	14,95	7,98	22,93
1926-27	16,09	8,05	24,14
1927-28	21,61	10,95	32,56
1928-29	15,76	9,60	25,36
1929-30	16,35	11,76	28,11
1930-31*	10,50	9,00	19,50
1931-32*	7,95	8,08	16,03

* Estimates.

121. In the years 1924-25 to 1930-31, very nearly 170 crores have been expended on renewals, replacement, and additions. Of these 105 crores represent new borrowed money, and 65 crores appropriations from Depreciation Fund. In addition 15 crores were spent on the purchase of new lines, as shown below :

		(Lakhs.) Rs.
1926-27	Delhi-Umballa-Kalka Railway	4,04
1928-29	Burma Railways	3,99
	Mirpurkhas-Jhudo Railway	11
1929-30	Southern Punjab Railway	7,05

122. Interest charges on commercial lines have increased from 22.67 crores in 1924-25 to 32.09 crores in 1931-32, an increase of nearly 9½ crores. In the interval, there have been two changes in the method of calculating the average rate of interest applicable to capital outlay on railways which have contributed to the extent of 1½ crores to this result ; one is that account is now taken of the value of the income-tax free concession with which certain loans were floated and the other is that the actual amounts realised from loans issued at a discount or premium are now taken into account in the calculation of interest instead of the nominal amounts as previously. Excluding these, the growth in interest charges due to additional capital expenditure has been nearly 8 crores, and it is therefore clear that the very difficult position in which the railways find themselves at present is due, in very great part, to the large capital outlay in these years. We put it to the Chief Commissioner of Railways that unlimited funds were probably responsible to a certain extent for some slackness in sanctioning the estimates. Mr.

Russell thought that ' slackness ' was too harsh a term to use, but he admitted that the fact that money was easily available had something to do with their taking up schemes rapidly. They had taken an optimistic view, but their policy was to develop the country rapidly, and he thought that this policy would pay sooner or later. We understand that the standard of scrutiny exercised on new projects that come up to the Board is now much more stringent and we hope it will be maintained even in better times when funds are less restricted.

123. We asked the Railway Board whether, in the case of expenditure incurred on open line works, they had, after completion of these works, any means of verifying if they had yielded approximately the return which was anticipated at the time when these works were sanctioned. We were informed in reply that, if the Committee meant by return a financial percentage dividend on the capital investment on open line works, the Railway Board had little means readily at hand to verify whether such return has been achieved. This caused us no little surprise for we had thought that it would be the task of the management of a business concern to ensure that means were readily at hand to see that the actual results of any large scheme undertaken by them were not far out. This is part of the duty of any prudent management which has an eye on the financial side of the business. It is incomprehensible to us how it can happen that, when the Railway Board have data to calculate the return before they spend the money and when they can produce facts and figures to induce the Standing Finance Committee for Railways to sanction a work on the understanding that it will definitely yield an adequate return, they are not able to have the data to verify their estimate afterwards. The Chief Commissioner of Railways agreed that in normal times they ought to be able to verify their anticipations, but he pointed out that at present with such a serious drop in traffic it would be difficult to draw any conclusions. Moreover their open line works were all connected with each other. Remodelling of yards, relaying of permanent way, rebuilding of bridges, and equipping the railway with heavier locomotives to deal with heavy traffic had to be correlated, and the advantages of any one of these could not be obtained without incurring expenditure on all of them. There are also, we are told, many other disturbing factors which make it difficult to compare the actual results with anticipations, but we have no doubt that it ought to be possible to make allowance for these disturbing factors and attempt to isolate the results of the particular expenditure. In order that the Assembly and the Standing Finance Committee can place confidence in estimates framed by the Railway Board, they should be able to verify whether the yield they expected has been achieved. We urge, therefore, that the Railway Board should at once take steps to have all data necessary for the purpose maintained and to impress on railway administrations before sanction is accorded to any proposal that they would be held accountable for proving that a return not far from that which was anticipated had been achieved. In particular when part of the justification for a project is based upon savings in direct costs, such as reduction of staff rendered possible by the facilities afforded by the scheme, steps must be taken to see that such reduction is actually carried out at the proper time and the saving achieved. There should be automatic machinery to obtain this result. With the restricted funds available now and possibly for the next few years it is possible that unnecessary and unremunerative expenditure will be automatically avoided and only such works as are necessary from the point of view of working will be undertaken, but we hope that the lessons of the 5 years after the separation will be borne in mind when the financial position improves, and that there will not be again a reversion to the procedure of placing large sums at the disposal of railways and encouraging them to spend as quickly as possible which was a feature of the first few years after the restricted expenditure during the war years. We trust that similar extravagance in expenditure will not follow the present period of severely restricted expenditure.

CHAPTER X.

Miscellaneous Railway Expenditure.

(Demand No. 11.)

124. The following table compares the expenditure since 1924-25 :—

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimte, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Land	28	1,55	1,65	2,00	—1	97	2,00	3,00	3,00
Subsidy	2,81	2,83	3,56	3,32	2,92	3,42	4,50	4,00	4,00
Surveys	4,71	6,74	11,34	5,78	5,19	6,69	2,50	90	90
Miscellaneous establishments (excluding transactions in connection with the Arakan Light Railway).	5,85	5,54	7,14	8,20	6,77	8,62	10,75	7,60	7,60
Pensionary Charges	2,95	3,76	5,58	6,49	5,28	6,48	12,50	9,00	9,00
Other Miscellaneous Charges.									
Railway Rates Advisory Committee	..	..	1,38	1,48	1,67	1,56	1,80	1,45	1,45
Technical or Drawing Office	..	27	61	72	91	1.09	35	35	35
Chief Mining Engineer's Office (after deducting receipts).	—88	—41	44	—35	38	18	45	35	35
Controller of Railway Accounts	..	..	..	..	28	2,58	3,05	3,40	3,40
Central Standards Office	..	..	..	..	..	..	2,90	3,45	3,34
Auxiliary Account	—8,13	47	3,38	6,05	—8,32	2,00	..	..	..
Sundry Adjustments	1,82	—1,85	20,18*	6,10†	3,92	,20	..	..	..
Deduct—Recoveries from Company-managed railways for Government supervision.	16,53	13,23	12,80	13,04	13,01	11,84	11,90	12,00	12,00
Total	—7,12	5,67	42,46	26,75	5,98	22,95	28,90	21,50	21,39

*Includes payment for purchase of Arakan Light Railway (27,80).

†Includes credit for Arakan Light Railway (37).

125. We have no comments to make on " Land and Subsidy " expenditure which is practically governed by contracts, nor on pensionary charges which are in the nature of inevitable payments. The items ' Auxiliary Accounts ' and ' Sundry Adjustments ' are also beyond control. The expenditure on " Surveys " is coming down and we need not remind the Railway Board of the necessity, in view of stringency of funds for fresh capital expenditure, of keeping this expenditure down to the minimum. We have, in an earlier part of this report, dealt with the Drawing Office, the Office of the Controller of Railway Accounts, and the Central Standards Office, as also with the Railway Clearing Accounts Office, the cost of which is distributed among railways and is ultimately recorded under Demand No. 4. We have no remarks at this stage to offer on the Chief Mining Engineer's Office or on the office of the Accounts Office, Railway Collieries.

126. We have therefore to deal only with the Railway Rates Advisory Committee, the Central Publicity Bureau, the Staff College, Dehra Dun, and the Miscellaneous Establishments included in Annexure C to this demand, and we proceed to deal with these in this order.

THE RAILWAY RATES ADVISORY COMMITTEE.

127. The expenditure on this Committee which commenced to function on 1st April 1926, has varied as follows :—

	Rs.
1926-27	1,38,000
1927-28	1,48,000
1928-29	1,67,000
1929-30	1,56,000
1930-31 (estimates)	1,80,000
1931-32 (estimates)	1,45,000

128. The Committee was established to investigate and report on such cases as might be referred to it by the Railway Department on the following subjects :—

(*a*) Complaints of ' undue preference ';

(*b*) Complaints that rates are unreasonable in themselves ;

(*c*) Complaints or disputes in respect of terminals ;

(*d*) The reasonableness or otherwise of any conditions as to packing of articles specially liable to damage in transit or liable to cause damage to other merchandise ;

(*e*) Complaints in respect of conditions as to packing attached to a rate ; and

(*f*) Complaints that railways do not fulfil their obligations to provide reasonable facilities under Section 42 (3) of the Indian Railways Act.

129. The President of the Committee is a distinguished lawyer. The other permanent Member is a senior railway officer representing railway interests. Usually a third Member representing commercial interests is appointed when each case is referred to the Committee for report, from a panel elected or nominated by various commercial bodies.

130. We understand that in the five years that have elapsed since the Committee was constituted, 74 cases were received by the Railway Board for reference to it. Of these, 21 were not forwarded to the Committee on various grounds, 19 were withdrawn by the applicants and 3 were still under correspondence. Of the 31 actually referred to the Committee for

investigation, 8 were subsequently withdrawn. The number of cases enquired into and reported on by the Committee was thus reduced to 23.

131. We are of opinion that, in view of the very small number of cases investigated by the Committee in the last five years, a permanent body is unnecessary. The Committee as such should be abolished, but the facilities that are at present available to the public for having complaints against railway administrations referring to undue preference, etc., investigated by a more or less independent tribunal should not be withdrawn. An *ad hoc* committee appointed from time to time with a retired High Court Judge, or other eminent lawyer to preside over its deliberations with the assistance, as at present, of a railway and a commercial representative to be associated with him should be quite sufficient. We feel that such an arrangement will be much cheaper than the present one, as there is no dearth of public men in India ready to accept such duties without demanding high rates of remuneration. The average expenditure on account of this Committee has been about Rs. 1,60,000. With the institution of an *ad hoc* committee as we recommend the expenditure ought not to be more than half a lakh a year.

Central Publicity Bureau.

132. The Central Publicity Bureau for Indian State Railways was started on the 1st March 1927. Since then the expenditure on this Bureau has been as follows :—

(Figures in thousands of rupees.)

—	1927-28.	1928-29.	1929-30.	1930-31.	Latest estimate, 1931-32.
Pay of officers	70	166	222	200	169
Pay of establishment	35	38	47	76	74
Others charges	323	515	777	694	542
Total ..	428	719	1,046	970	785
Deduct—Receipts ..	88	200	236	240	200
Net ..	340	519	810	730	585

133. The expenditure on overseas publicity in the current year and the last year is as follows :—

	1930-31.	Estimate, 1931-32.
	Rs.	Rs.
London Bureau	1,20,000	1,03,000
New York Bureau	2,34,000	1,75,000

134. Mr. Tait, officiating Chief Publicity Officer, gave us some interesting information about the various activities of the Central Publicity Office since its inception. They had done a good deal of film work in connection with village uplift, and teaching the villagers how to improve their cattle and cultivation generally. They had also produced films in connection with pilgrim centres and had run five cinema cars on Indian railways which had been very much appreciated. They had also started an Indian State Railways Magazine, a high class magazine with a wide circulation which was at

present paying for itself. Finally they had been making efforts to improve third class traffic. Recently third class tourist agencies had sprung up which organised conducted tours. Investigations were at present being carried out to see how the existing motor bus services could be co-ordinated with railways and the question of developing pilgrim traffic through the use of broadcasting with the help of small wireless sets which they were getting free on loan from Marconi's for the period of the experiment was also under consideration.

135. Many of the activities of the department have had to be curtailed owing to the present financial stringency, and contingent expenditure which had amounted to about Rs. 7½ lakhs in 1929-30 was expected to be reduced to Rs. 4 lakhs in 1932-33.

136. The superior staff sanctioned for the Central Publicity Bureau at present is as follows :—

	Rs.
1 Chief Publicity Officer	on 2,500—3,000
1 Assistant Chief Publicity Officer ..	on 1,850
1 Film Production Officer	on 1,250
1 Assistant Publicity Officer	on 350
1 Sports Officer	on 550—1,300
1 Personal Assistant to the Chief Publicity Officer	on 530
3 Managers in the London Office ..	on £ 500—800
1 Manager in New York Office ..	on £ 1,750

137. The Railway Board have, we understand, now decided to decentralise publicity activities, and to place more of it in the hands of individual railway administrations. They propose to abolish the Central Publicity Bureau as such and to substitute for it a small and less expensive publicity branch under the control of the Traffic Member of the Railway Board. This Branch will co-ordinate publicity questions on different railways and in the overseas offices. It is proposed to reduce the number of superior officers in the office to two, *viz.*, a Chief Publicity Officer on a lower rate of pay, namely on Rs. 1,850 and an Assistant Publicity Officer on Rs. 350—30—800. The staff in the London Office will be similarly reduced by one. The total cost, including leave salaries, of officers is expected to be Rs. 78,000 in 1932-33 as against Rs. 1,69,000 this year.

138. So far as the Indian portion of the establishment is concerned, we recognise the need for keeping a small nucleus organisation even in these times of stringency, and we accept the Railway Board's proposal which we understand to mean the abolition of the post of Chief Publicity Officer and three assistants and the retention, under another name, of the present post of Assistant Chief Publicity Officer, which is a post on the senior scale.

139. As regards overseas publicity, however, the question is somewhat complicated. For want of sufficient data we were not entirely satisfied about the actual results achieved by the London and New York Offices, but at the same time we recognise that sufficient time has not elapsed to form a final and definite judgment about their value. We were also impressed by the argument that every big railway system in the world has its arrangements for publicity in London and New York and that though other railways are passing through similar difficult times it is reported that they have not reduced to any extent their publicity expenditure in London and New York. We are reluctant, therefore, to recommend the total abolition of these offices, but we strongly urge that the outturn of work in these offices and the results

therefrom should be carefully watched and sufficient data obtained and maintained to judge whether the results are adequate. An annual report on the activities of each office specifying the enquiries dealt with in each and the number of tourists that are attracted to India by them should be prepared, showing clearly the estimated benefit not only to railways but to the country as a whole from such traffic.

140. We note that the New York Office consists of one officer and two clerks while even with the reductions proposed by the Railway Board the London Office is to have two managers and six clerks. It was explained to us that of the three officers at present engaged one is used exclusively for business in connection with the collection of advertisements and that two other officers are required for ordinary office work, as they maintained two offices in London, one in the Haymarket and the other in the India House. We were also informed that part of the time of an officer is employed in clearing parcels, etc., from the Customs House. Such duties we think should be entrusted to a clerk. We are firmly convinced that it is unnecessary to have more than one office in London with one officer in charge ; advertising business can, we are certain, be dealt with much more economically on a commission basis. We, therefore, recommend that the staff be reduced to one officer and not more than three clerks.

141. While we accept the Railway Board's recommendations subject to the above remarks, we must add that we think it should be stipulated that this organisation should not be exceeded for some time to come.

142. It is convenient to consider along with this expenditure the expenditure incurred by railways on publicity. The annual expenditure incurred by railways through their own organisations, apart from the contributions to the Central Publicity Bureau, has been as follows :—

	Rs.
1924-25	3,85,000
1925-26	4,66,000
1926-27	6,22,000
1927-28	6,32,000
1928-29	6,62,000
1929-30	8,29,000
1930-31 (estimates)	7,95,000
1931-32 (estimates)	7,56,000

The budget estimate of the current year is, we understand, not likely to be worked up to because we were informed that individual railways had cut out their expenditure on publicity first of all in their efforts for retrenchment.

143. The Agent, North Western Railway, told us that his railway had dispensed with the Publicity Officer, the work being done by the Deputy Chief Commercial Manager. Divisional Commercial Officers also did some part of the work, and in present circumstances he was of opinion that there was no need either for a Publicity Officer or to spend a large amount of money on publicity. We understand that the Madras and Southern Mahratta Railway too propose to give up their Publicity Officer and to place the work under an officer in the commercial section in addition to his own duties. We think that this procedure should be followed on other railways. The Publicity work should be entrusted to the commercial organisation of railways and Divisional and District officers should be entrusted with the task in addition

to their own duties. With such a re-organisation we are confident that publicity expenditure on railways can be reduced to about a third of what it is at present and that a reduction of at least Rs. 5 lakhs can be expected. With a reduction of Rs. 2½ lakhs in the Central Publicity Office, the *total* expenditure on publicity (including Central and Overseas publicity, and publicity on railways) should not, for the next few years, exceed Rs. 6 lakhs which is less than half the present expenditure.

RAILWAY STAFF COLLEGE, DEHRA DUN.

144. We understand that at the Railway Staff College, Dehra Dun, classes are held for Senior and Junior Officers, Probationary officers, and Senior subordinates and that the staff consists of a Principal, assisted by a Superintendent and three Technical Instructors. We have been informed by the Railway Board that, at any rate on State-managed railways, a number of officers will shortly become surplus and that it is the intention, when possible, to absorb as many of these in vacancies which may occur. If this course is followed, it will necessarily retard the present rate of recruitment, which will result in a decrease in the number of Probationary officers requiring to undergo a course of training at the Staff College.

145. We therefore recommend that the programme of courses be carefully reviewed and adjusted, so as to admit of a reduction in the number of the instructional staff. We also recommend that the Railway Board should examine the feasibility of deputing officers from time to time to give instructions and lectures and keep the permanent staff to the absolute minimum, and endeavour to make a reduction of at least half a lakh a year.

MISCELLANEOUS ESTABLISHMENTS.

146. We discussed with the Railway Board the provision for miscellaneous establishments shown in Annexure C to Demand No. 11-Railways. In the current year a sum of Rs. 7,60,000 has been provided. This includes Rs. 30,000 for a Timber Advisory Officer and staff ; Rs. 60,000 for consultation fees to Messrs. Rendel, Palmer and Tritton ; Rs. 40,000 for leave salary and passages of officers in foreign service ; Rs. 45,000 for the Supervisor of Labour ; and Rs. 8,000 as a contribution towards the Overseas Mechanical Transport Council in London. The balance of nearly 5¾ lakhs is for various officers and establishments on special duty. Part of this expenditure (Rs. 40,000) is made up of small sums for the completion of special duties sanctioned in the previous year or years. The more important items in which substantial expenditure is being incurred in the current year are given below :—

Officers on Special duty for—

	Rs.
(1) Reduction of office correspondence and returns ..	56,000
(2) Preparation of traffic rates registers	80,000
(3) Preparation of railway Accounts and Executive Codes	49,000
(4) Framing an estimate of the cost of giving assistance to Railway employees towards the education of their children	52,000
	2,37,000

A lump sum of Rs. 3 lakhs has also been provided in the budget for miscellaneous special investigations decided on in the course of the year.

147. In these days of acute financial stringency we consider it desirable to insist on keeping this expenditure down to the bare minimum.

148. The Chief Commissioner of Railways told us that though he thought that the Timber Advisory Officer had, in the past, done very good work for railways and the abolition of the post would mean a definite loss to railways, he would accept a recommendation, if we desired to make one, for its abolition. We are of opinion (with one dissentient) that it is unnecessary to maintain a separate officer to advise the Railway Department on purchase of sleepers when they can obtain all the advice they need from the Forest Research Institute at Dehra Dun which is maintained by the Central Government at considerable expense to advise all Departments of Government in such matters. One of our number is unable to accept this proposal which he regards as uneconomical.

149. Mr. Russell told us that practically no expenditure would be involved next year on the various special duties at present in existence. We desire to suggest that the preparation of Codes should be kept in abeyance at present, as it is hardly such an important matter as to necessitate spending money on it in these times. We, therefore, recommend that, in the immediate future and as soon as a convenient stage is reached, such part of the Codes as has been already finished may be issued, the balance of the work being undertaken in more prosperous times. When it is so undertaken, we consider it desirable that the officer in question should be employed exclusively on such work and a definite time limit should be fixed for its completion.

150. While on this point we should, we think, refer to the expenditure on the preparation of a Railway Audit Code which has come to our notice, though the expenditure is not recorded under this demand but under demand No. 3-Audit. The Director of Railway Audit has kindly shown us the Code which consists of 15 pages with appendices showing the programme of work and the powers delegated to the Director of Railway Audit. He has informed us that the work on this compilation began on the 26th August 1929 under one officer and finished on the 14th April 1931 under another, and the total cost of their pay and that of their staff for the period came to about Rs. 37,000. He has also told us that during part of this time the staff were engaged on some other work as well and that, in addition to this Code, they were preparing a more bulky manual giving various departmental instructions for the conduct of audit. Making allowance for all this we cannot feel that the expenditure has yielded adequate results.

151. Similarly, we are informed that the period originally sanctioned for the preparation of a Railway Account Code was six months, the staff was estimated to cost about Rs. 15,000 and the work was started in May 1930. In the following November, the original period of sanction was extended by another year, and it is now, we understand, contemplated that it should be further extended to the end of March 1932. Since April 1931, the officer has, we are told, been doing other work in addition. The cost up to now is Rs. 34,000, and no part of the Code has yet been issued. We are informed that the work is likely to be finished by the end of March 1932, and will cost another Rs. 6,000 exclusive of the cost of printing.

These instances lend some justification to the general feeling that special investigations on railways are started too lightly and that once started they go on indefinitely with insufficient control.

152. We understand also that the consultation fees to Messrs. Rendel, Palmer and Tritton would no longer be payable in view of the recent decision to abolish the branch of the Consulting Engineers' Office in India.

153. We are of opinion that there are certain items in this Demand, for example, leave salary and passages to officers in foreign service and officers and staff for the preparation of traffic rates registers, which are out of place in this Demand. They should be included in the budgets of the railways to which they pertain.

154. We were informed that the experiments in connection with the mechanisation of accounts have been stopped for the time being. We trust that they will not be resumed without careful consideration and, at any rate, not until much more prosperous times.

155. Since the Supervisor of Labour is on a permanent basis, we presume that the special officer and staff to inspect labour organisations will no longer be shown in this Annexure. He should be either charged to the railway concerned or shown in Annexure D to the Demand.

156. Mr. Russell agreed to the contribution to the Overseas Mechanical Transport Council in London being cut out of the next year's budget.

157. With all these changes this budget should be cut down to very small proportions. We are, on general grounds, much averse to lump-sum provisions which, in our opinion, tend to unnecessary extravagance ; but, recognising the need for special investigations now and then in the course of railway working, we are prepared to agree to a small lump-sum provision, not exceeding one lakh, being made, but we would recommend that, in presenting the demand, information should be given to the Assembly of all the proposals which the Railway Board have in view for investigation during the course of the budget year, or alternately, that the proposals in view be placed before the Standing Finance Committee for Railways and their approval obtained before action is taken on them.

158. Our proposals involve a saving of over five lakhs ; the present expenditure of Rs. 6,15,000 (excluding Rs. 40,000 for leave salary and passages of officers in foreign service, and Rs. 45,000 for the Supervisor of Labour, both of which, we suggest, should be shown elsewhere, and Rs. 60,000 for consultation fees to Messrs. Rendel, Palmer and Tritton which, we are told, would in any case not be payable) should in our opinion be reduced to not more than a lakh.

159. Having reviewed Miscellaneous Expenditure we recommend—

(1) **that the expenditure on ' Surveys ' be reduced to a minimum ;**

(2) **that the Railway Rates Advisory Committee be abolished, an *ad hoc* Committee being appointed when necessary to investigate any complaints that the public are entitled to make under present arrangements (saving one lakh) ;**

(3) (a) (i) **that the Central Publicity Bureau be abolished, and replaced by a small establishment of two officers and a small staff under the Railway Board, and**

(ii) **that the staff in the London Office be reduced to one officer and three clerks (saving 2½ lakhs) ;**

(b) **that the expenditure on Publicity on railways should be reduced by five lakhs.**

(4) **that the staff in the Dehra Dun Staff College should be reduced (saving ½ lakh) ;**

(5) **that the total lump sum provision for special investigations be limited to one lakh, and that expenditure from this sum should not be incurred without the previous approval of the Standing Finance Committee for Railways (saving 5 lakhs).**

CHAPTER XI.

STAFF MATTERS.

Superior staff.

160. The total cadre sanctioned in March 1931 for State-managed Railways is, we understand, 1,077, as follows :—

	Administrative.	Senior scale.	Junior scale.	Leave and Deputation reserve.	Training.	Total Superior.	Lower Gazetted.	Total.
N. W. R.	28	72	78	37	12	227	74	301
E. I. R.	31	78	82	38	13	242	61	303
G. I. P. R... ..	30	59	66	30	8	193	40	233
E. B. R.	14	41	41	19	9	119	16	135
Burma Rys. ..	11	34	34	15	4	98	7	105

The previous sanctioned scale was, we are informed, 903, including a small leave reserve of 73 on some of these railways ; the Great Indian Peninsula Railway, for example, had no leave reserve.

Out of these, we are informed that it has been decided to abolish 29 posts in the North-Western Railway and to keep in abeyance 21 on the East Indian Railway, 8 in the Great Indian Peninsula Railway, 17 (of which 6 will be abolished) on the Eastern Bengal Railway and 3 on the Burma Railways—a total of 78 in all.

On Company-managed railways we understand 52 posts out of about 850 have been held in abeyance.

In both cases the possibility of further reductions is under examination.

161. In a memorandum furnished to us by the Railway Board, the number of officers in the various services in 1924 and in 1930 has been compared--

	1924.	1930.	Increase.
State-managed	1,102	1,270	168
Company-managed	760	877	117
	1,862	2,147	285

an increase of about 15 per cent. in both cases. Out of the increase of 285, less than half (130) have recently been kept in abeyance or abolished--mainly the former.

162. Without examining the question in detail, we cannot say what *particular* posts are redundant at present ; but there is obviously a *prima facie* case for further drastic reduction. For example, in a statement submitted by

the North Western Railway the increase in officers recorded in a few departments is as shown below :—

	1924.	1931.
Bridge Department	4	10
Electrical Department	3	7
Mechanical Shops	6	15

With the curtailment of capital works for which most of these officers were engaged, their further continuance in service requires special justification.

163. **Railways should, in our opinion, not have a bigger staff than in 1924, seeing that the traffic is likely for several years to be on a lower level, and work connected with the capital programme considerably reduced.**

Leave and Deputation Reserves and permanent posts for construction and surveys.

164. The new cadres of officers for State-managed railways include 139 posts in the Junior Scale to provide a reserve for leave and deputation and also 36 posts for construction and surveys. We were informed that the former was calculated at 20 per cent. of the working posts roughly divided as 16 per cent. for leave and 4 per cent. for deputation. We discussed with the Railway Board the possibility of reducing this reserve as we were of opinion that it is not necessarily an economical plan to have such a reserve. It was likely in our opinion to lead to a superfluity of officers during the winter when fewer officers went on leave. Mr. Hayman admitted that in winter the present leave reserve might prove excessive, but he claimed that it was for that reason that they had combined the leave and deputation reserves, the idea being to use the surplus officers for special duties during the winter. We are not enamoured of this arrangement. With a superfluity of officers there is always a tendency to create work for them and this leads to further unnecessary expenditure. We are convinced, therefore, that the leave reserve should be based on the minimum number of officers on leave at any time during the year and that the larger number of vacancies that exist in other parts of the year owing to the greater number of officers on leave should be filled in an officiating capacity by deserving subordinates. This procedure will have the additional advantage of enabling the administration to test the capacity of those subordinates before permanently promoting them. This will be all the more necessary as owing to our proposal to abolish the Lower Gazetted Service, the percentage of promotion from subordinate ranks to the superior services is likely to be increased in future. We understood from the Railway Board that at present they were not in a position to say what were their minimum requirements for leave. Till such experience has been gained, **we recommend that the present reserve should be at once cut down by half.**

165. Similarly in view of the fact that at present and for the next few years there is very little hope of money being found for new construction we consider that it is unnecessarily extravagant to provide in the permanent cadre for posts for constructions and surveys and **we recommend that the 36 posts provided therein should be abolished forthwith.** It is difficult to estimate what would be the saving resulting from these recommendations, but at a rough guess, we may say that ultimately it ought to be in the neighbourhood of 8 lakhs.

166. We understand that under the existing fundamental leave rules, it is often financially worth while for an officer who has been officiating in a higher post to take leave rather than revert to his original post. We consider this to be an unsatisfactory arrangement, from the point of view of public expenditure and we recommend that steps should be taken to alter these rules as early as possible. We desire to draw the special attention of the General Purposes Sub-Committee to this aspect of the question.

Covenanted Subordinates.

167. We have been assured by the Chief Commissioner of Railways that the number of covenanted subordinates on Indian Railways is steadily decreasing. We note that recruitment in England is confined to specialist posts, and is resorted to only when it is definitely known, after enquiry, that men with the requisite skill, training and experience are not to be found in this country. We have been informed that on State-managed railways only 18 men have been recruited from abroad during the last three years ; but the position in Company-managed Railways is not quite satisfactory. We are of opinion that it should be possible with improved training facilities in India to reduce still further the recruitment of subordinates from abroad, even if it is not possible to stop it entirely which we consider should be the aim in view.

Discharge of staff.

168. It is a general complaint against the recent policy of the Railway Board with regard to discharges that the number of subordinate staff discharged is disproportionate to the number of gazetted officers discharged. We therefore asked the Railway Board to give us a statement comparing these discharges and we summarise it below :—

—	Number discharged.	Estimated savings.
		Rs.
Gazetted officers	44	3,74,400
Upper Subordinates rising to Rs. 250 and above	87	3,28,600
Subordinates between Rs. 30 and Rs. 250	12,779	75,22,500
Below Rs. 30	27,245	52,61,582
	40,155	1,34,87,082

169. Among officers discharged we understand that there has hardly been any permanent officer ; most were temporary engineers, whose services were dispensed with mainly as a result of the discontinuance of construction work.

170. As regards the gazetted establishment, we are told that the action already taken on railways has been mainly to keep posts in abeyance, that is, not to fill up vacancies or to revert officiating subordinates to their substantive posts, and it has been pointed out that this again has affected subordinates and not gazetted officers. We understand from the Railway Board that they intend to adopt the same standards with regard to officers as have been applied to others, and that they propose to discuss soon with Agents of railways the question of reduction of the permanent cadre and the procedure for discharging surplus permanent officers. While we agree with the Railway Board that it does not always pay to cut down supervision—and especially in times of retrenchment some more supervision may be necessary,—we feel that there is some ground for the complaint that different categories of staff are judged by different standards, and we recommend that the Railway Board will take measures effectively to correct that impression.

Anomalies in rates of pay on different railways.

171. The Railway Board have sent us voluminous statements showing the scales of pay for gazetted officers and upper subordinates. There is a wide disparity between the scales of pay between different railways, and the general impression that we get from a cursory examination of these scales is that the scales for upper subordinates on State-managed railways are considerably higher than in Company-managed railways. Taking one small instance, we compare below the cost of the train control staff on State-managed railways with that on the M. and S. M. Railway. The cost per man on the North Western Railway, East Indian Railway, and E. B. Railway is roughly Rs. 3,900 per annum. On the G. I. P. Railway it is Rs. 2,800. On the M. & S. M. Railway it is Rs. 1,500. We have not been able to discover from comparative results for 1929-30 that the work of the staff on the State-managed railways is so much more responsible or arduous or that the operating results obtained are so much better as to justify this difference. We give below for purposes of comparison the scales of pay of the actual operators who constitute the large majority of the staff engaged on this work :—.

North Western Railway	7 on Rs. 200—250.
	48 on Rs. 300—350.
Great Indian Peninsula Railway	39 on Rs. 200—250.
	47 on Rs. 300—345.
East Indian Railway	26 on Rs. 200—300.
	33 on Rs. 300—400.
Madras and Southern Mahratta Railway ..	50 on Rs. 80—100.

Special pay for gazetted officers.

172. We have observed that the Railway Board have withdrawn special pay in quite a number of instances, and that the number retained is less than half of the original number. We understand that no such special pay was retained without a special reason, either that there was considerable additional work or responsibility attached to the post, or that the arrangement was more economical than other possible alternatives.

In one case, however, the reasons given did not impress us. Deputy Directors in the Railway Board are given a special pay of Rs. 250 for the reason that it is on a par with allowances drawn by officers of similar standing in other Secretariats of the Government of India. As a commercial organisation, there seems to us little necessity for the Railway Department following blindly other Departments of Government ; and we think that the Railway Board should not encourage its staff to claim to belong to a commercial Department or a Government Department as it suits them and thus make the best of both worlds.

Scales of pay for new entrants.

173. We were informed that the Railway Board had actually prepared certain scales of pay for future entrants to services and that these were at present under the consideration of the Government of India, but it was explained to us that as a question of official propriety the Board were unable to communicate these scales to us. We have, therefore, not had the benefit of their experience in this matter, but we feel that our Report would be incomplete if we did not include in it a statement of the general lines on which we consider this question should be tackled for the future. We cannot help

feeling that the present scales of pay are pitched too high, and that it is necessary to bring them down considerably. We therefore framed provisional scales and discussed them with the Railway Board who, while unable to commit themselves in any way on details, considered them on the whole reasonable. They had only one or two criticisms to make which we have taken into consideration in the final form of our proposals.

174. Before we put forward our proposals it will probably be convenient if we indicate briefly the various stages which have led up to the present scales of pay. Before 1900 the scale of pay for officers of the Engineering, Traffic, Locomotive, and Accounts Departments of Railways was the same.

	Rs
Assistants—Grades	250, 350, 450, 550.
District Officers	650, 800, 950.
Administrative	1,100, 1,350.
Heads of Departments and Agents of smaller Railways	1,600
Chief Engineers and Agents	2,000, 2,500.

Between 1908 and 1912, a new time-scale of pay was adopted for the Engineering Department, while the graded system was retained for the Traffic and Locomotive Departments on an improved scale. The Accounts Department was transferred to the control of the Finance Department in 1911. The new scales stood thus :—

	Engineering.	Traffic and Loco.
	Rs.	Rs.
Assistants	380 to 750.	250, 300, 400, 450 550.
District Officers	800 to 1,250.	700, 800, 900, 1,000, 1,100.
Administrative	1,500, 1,750, 2,000.	1,500.
		1,500, 1,750 Dy. Agents.
Chiefs	2,500 and 2,750.	2,000.
Agents	3,000.	

Between 1919 and 1922 a time-scale of pay uniform for all Departments was introduced with a technical pay of Rs. 75 for Civil and Mechanical Engineers and Overseas pay varying from Rs. 150 to Rs. 250 for Europe recruited members.

	Rs.	
Assistants—(Junior scale)	300—900.	*plus* Rs. 75 Technical Allowance for Engineers.
District Officers—(Senior scale) ..	550—1,300.	*plus* overseas pay Rs. 150 to 250 for Europe recruited members.
Deputies—varying from		Rs. 1,750 to 2,150 Engineering and Agency. 1,750 to 2,000 Traffic and Mechanical.
Chiefs—varying from		2,750 to 3,000 Engineering. 2,300 to 2,500 Traffic and Mechanical.
Agents	3,500.	

In the revisions of 1924 and thereafter the scales for Assistants and District Officers were not altered except in the matter of overseas pay of which the maximum was raised to Rs. 300 with a sterling rate varying from £15 to £30. A new class of Divisional Superintendents was introduced and the administrative scales stood thus :—

	Rs.
Deputies—varying from	1,750 to 2,150 Engineering.
	1,950 to 2,150 Divisional Superintendents.
	1,950 Dy. Agents.
	1,750 to 2,000 Traffic and Mechanical.
Chiefs	2,750 to 3,000 Engineering and Operating.
	2,300 to 2,750 Traffic and Commercial.

(Deputies and Chiefs with overseas pay of £13⅓ if eligible.)

Agents .. .. Rs. 3,500

175. In the several revisions of pay that have taken place in the last 30 years, the reasons given have generally been " increased responsibility ", " to attract recruits of the right stamp from England ", " abnormal rise in the cost of living ", etc.

176. The Islington Commission of 1913-16 laid down as the only safe criterion of pay and service—

> " Government should pay so much and only so much to their employees as is necessary to obtain recruits of the right stamp and to maintain them in such a degree of comfort and dignity as will shield them from temptation, and keep them efficient for the term of their service ".

Acting on the above principle, they thought that, being in the position of a monopolist employer in the case of statutory natives of India, it was sufficient to adopt an incremental scale of Rs. 250—500 for Provincial Services and Rs. 300—1,000 or 1,050 for Imperial Services with selection grades or posts on pay suitable to each service. In the case of officers appointed in Europe, a slightly higher rate was adopted giving the European scale an average advantage of Rs. 186 per mensem over the Indian scale. The rate of exchange then stood at about 1*s.* 4*d.*

177. In 1916 when the Islington Commission made their recommendations, the index of wholesale prices at Calcutta (which is given in " Capital ") was 128 against 100 of July 1914. In 1920, the index rose to 201 and in 1923, Government found it necessary to appoint the Lee Commission to revise the recommendations of the Islington Commission. They recommended a scale consisting of basic pay with overseas pay for Europe recruited members. The actual scales adopted are given above.

The index of wholesale prices was

100 in July 1914.

128 in 1916 when Islington Commission reported.

201 in 1920 about which time new scales were fixed.

173 in 1924 when Lee Commission reported.

93 in June 1931.

178. Taking the above as a guide, though we recognise the index of wholesale prices is not a perfect criterion, it would seem that it is justifiable to adopt for new entrants the scale suggested by the Islington Commission in 1916 and it would be " restoring the real pay of the services to the level " which was expected to be attractive in 1916 when conditions were no better than they are now.

179. Based on the principles enunciated above, we consider that the new scales of all departments of railways should be somewhat as follows ; the lower gazetted service being abolished :—

Junior scale—from Rs. 250 to 500.
Senior scale—Rs. 600, 800, 1,000. } With overseas pay between Rs. 100 and 250.

Deputy Heads of Departments—Rs. 1,250 and Rs. 1,500 with overseas pay Rs. 150.

Divisional Superintendents—Rs. 1,750, with overseas pay Rs. 150.

Heads of Departments—Rs. 2,000. (Rs. 2,250 on larger railways).

Agents—Rs. 3,000.

NOTE.—Overseas pay to be admissible only to recruits of European domicile recruited in Europe, if such recruitment is maintained.

180. We agree with the Railway Board in the view that continuous time-scales of pay are generally undesirable except in the first few years of an officer's service, and consequently we do not recommend any time-scale of pay for senior scale officers. We are, however, not convinced that a fixed pay for such officers is entirely suitable. We, therefore, recommend 3 grades, *viz.*, Rs. 600, 800 and 1,000, and suggest that after a certain minimum period of service in each grade an officer, if considered deserving, might be promoted to the next higher grade though it might be necessary to fix a maximum for the number of posts in the higher grades so as to avoid the possibility of people being unnecessarily pushed into a higher grade. Secondly we also agree with the Railway Board that it is undesirable to put a definite limit to the pay of an Agent. Obviously, it is not desirable or necessary to pay Agents of all railways—small or large—at the same rate. The actual pay given must depend upon the man ; in particular we think that circumstances might easily arise in which it would be very desirable to go outside the ordinary run of railway men to select for the post of Agent a particularly good business man, for example of the type of Sir Josiah Stamp, who is now the head of one of the biggest English railways. Salaries must in such case be a matter of negotiation.

181. Though we have not gone in detail into the case of the other staff we consider that the scales of pay should be examined and fixed on the same principles, and in particular, that the upper subordinates' scales should not exceed Rs. 400 as a maximum and the lower subordinates Rs. 250.

Cuts in pay of existing Staff.

182. At the outset of our investigation, we examined the financial results of the working of Indian railways and the prospects for the next few years : and the size of the deficit convinced us that drastic cuts in pay should be an essential and integral part of our proposals. We had then to consider whether such cuts should affect all railway servants, or provide for any exemptions. We soon came to the conclusion that when out of the total cost of 32 crores for all staff, the wages bill of staff drawing less than Rs. 50 amounted to 14 crores, of which 8 crores was paid to staff under Rs. 30, it was impossible to get the

full reduction required if we started making exemptions. Then again, in a national emergency like the present, it is proper to call upon all to bear a part of the burden ; and, finally there is the undoubted fact that one of the justifications of the proposal is the heavy fall in prices of foodstuffs which has benefited proportionately the lower paid classes of railway staff more than others. We therefore decided to exempt none from the cut.

183. The next question that arose was whether the cut should be uniform or graduated. It can be argued that present circumstances have already hit the higher paid classes harder. The increased taxation, both direct (like income and super taxes) and indirect (like customs duties), has very considerably reduced not only their net income but the purchasing power of that income ; and the fall in the price of foodstuffs has affected them but little as expenditure on food forms a relatively small part of their total cost of living. Nevertheless we felt that it was reasonable to maintain that the higher the pay, the more the margin of surplus of income over expenditure and the less the hardship inflicted by a cut. We therefore came to the conclusion that the cut should begin with half an anna in the rupee on incomes of Rs. 30 and under and progress gradually.

184. After discussion in the General Retrenchment Advisory Committee the following cuts were proposed which we recommend :—

	Per cent.
for every rupee of the first thirty rupees of every salary or wage ..	3⅛
for every rupee of the next seventy rupees	6¼
for every rupee of the next four hundred rupees	7½
for every rupee of the next thousand rupees	10
for every rupee of the next fifteen hundred rupees	15
for every rupee of the remainder	20

This cut will be on pay and all such allowances as would be taken into consideration in assessing income-tax.

185. If the cuts in pay that we have recommended are given effect to, they would result in a saving of approximately 2¼ crores in a full year.

186. One of our number strongly dissents from this proposal. Whereas he would be willing to accept an emergency cut of so much per cent. all round, whose simplicity would compensate for its want of logic, he cannot accept the proposal of the Committee which purports to be based on some principle but is in effect based on none. The Railway Board has so far been unable to produce the orders regulating the post war scale of increases ; but it is well-known that they were mainly based on the proportion of each man's pay that was estimated to be spent on foodstuffs ; where the proportion was high the increase was high amounting in some cases to as much as 100 per cent. This principle, *mutatis mutandis*, should apply to the reductions consequent on the present unprecedented fall in the prices of foodstuffs. The proposals of the majority tend still further to accentuate the contrast between the well being of public servants and that of the bulk of the population which is dependent on agriculture.

Provident Fund and Gratuity.

187. We suggest that the Railway Board institute as early as possible an actuarial examination of the cost to the railways of the present Provident Fund Bonus and Gratuity admissible to railway servants, as compared with the cost of the pensionary system on the scale applicable to other Government servants. The fact that it is believed that most pensionable servants would, if they are given the option, choose the railway system, together with the fact that in the

contributory provident fund scheme in force for certain Government servants the bonus is only 75 per cent. of the Government servant's contribution (or 1|16 of pay) as against 100 per cent. (1|12 of pay) in railways, and that no additional gratuity is payable in the former case, leads us to suspect that railway rules are generous at present, and require to be revised at least with regard to new entrants.

Passes.

198. We understand that the rules with regard to passes are not more generous than in other countries. The Chief Commissioner of Railways has told us that actually they cost nothing to railways, and at the present moment when railwaymen have in various ways lost their privileges to a certain extent, the taking away of this concession will merely lead to discontent and to no advantage. We have no recommendations to make in this matter except that we consider it very desirable to have a uniform practice on all railways and to impose a suitable restriction on the number of passes allowed even in the case of officers. We understand that action on these lines is under contemplation by the Railway Board.

CHAPTER XII.

Miscellaneous Matters.

Stores Purchase.

189. We held a joint meeting with the Stores and Printing and Stationery Retrenchment Sub-committee to discuss the purchase of stores for Railways through the Indian Stores Department. The total purchases made by railways through the Indian Stores Department in 1929-30 amounted to 1½ crores, whereas the total cost of material purchased amounted to 30 crores of which 13¾ crores represented indigenous material. We must, however, observe that the proportion of purchases through the Indian Stores Department should not be taken on the figure of 30 crores, as this includes materials like rolling stock, permanent way, bricks, ballast, etc., which it is neither necessary nor practicable to buy through the Indian Stores Department. We recognise that it is difficult to lay down general principles in this matter and that each case must be considered on its merits. We think that the present system by which the Railway Board discuss periodically with the Indian Stores Department the new classes of stores that can be added to the list of stores purchased through the Indian Stores Department is a convenient and practical method. We agree with the Chief Controller of Stores that, though Railways can in many cases buy as cheaply directly as through the Indian Stores Department, they should take into account the fact that other smaller departments get the benefit of lower prices on account of combined purchases on a large scale. This argument applies strictly to articles which are in demand by other departments as well as by railways. Both the Chief Commissioner and the Financial Commissioner of Railways agree that when, with regard to any class of stores, they were convinced that it would be advantageous to the State as a whole to purchase through the Indian Stores Department, they would consider handing over the purchase to them and not look to the interests of railways alone.

190. In pushing too far the system of bulk purchase through the Indian Stores Department, or otherwise, two dangers are to be guarded against. One is the possibility—and undesirability—of increasing stores balances. The other is the risk of the system of bulk and centralised purchase resulting in giving an advantage to the foreign manufacturer who has the benefits of mass production and can usually quote better terms than the indigenous manufacturer who usually manufactures on a small scale, and in preventing new firms from getting a footing in the market, thus leading to the formation of a combine.

191. We observed a flaw in the present procedure for considering price preferences to indigenous material since powers have not been delegated to Agents of railways by the Government of India. It is only when a recommendation is made to the Railway Board by the Agent that they can decide whether a preference should be given or not. We feel that some Agents might, not knowing the Railway Board's policy in the matter, consider a particular percentage unreasonably high, and refrain from referring the matter to the Railway Board, whereas if the matter is referred to the Railway Board it is possible that the difference in price might be considered by the latter to be so small as to justify the indigenous material being preferred. We recommend that railways should report periodically to the Railway Board all cases where the Agent has without a reference to them decided to place orders for foreign material, because in his opinion the disparity in price was too high. We also recommend, that with a view to facilitate the active compliance by Agents with the policy of the Government in this regard, powers may be delegated to Agents authorising them to give price preferences to a limited extent (say 5 per cent.), provided that the amount in any case does not exceed a fixed maximum (say Rs. 500). If this recommendation is accepted, it should be made clear to Agents that these limits do not represent the maximum preference which the Railway Board are prepared to give which must necessarily depend on the circumstances of each case.

Hours of Employment Regulations.

192. We have been informed that the total annual cost of giving effect to the Hours of Employment regulations is likely to be 45 lakhs a year. In addition, the capital non-recurring cost of constructing quarters for the additional staff employed would be about 80 lakhs of which 25 lakhs have already been spent. We understand that on the North Western and East Indian Railways effect has already been given to the rules in full at a cost of 14½ lakhs and that it is contemplated to introduce the rules on the Eastern Bengal and Great Indian Peninsula Railways by the end of the year, and on the Company-managed Railways very shortly. In view of the present financial stringency and the fact that there is a possibility of the revision of the conventions being taken up at Geneva in the near future, and finally that the Whitley Commission's Report which has an important bearing on this problem has not yet been considered, **we recommend that further action be suspended and that no efforts be made to introduce these rules where they are not at present in existence.** This should not preclude however any railway from reviewing the hours of work in individual cases on humanitarian grounds. We understand from Mr. Russell that in certain cases, such as that of pointsmen, the hours worked were sometimes very long and arduous.

The result of our recommendations is a saving of 24 lakhs a year, the estimated cost on railways on which the regulations have not yet been introduced.

Concessions to Military Department.

193. Our attention has been drawn to the concessions given by railways to the Military Department. Special rates are apparently quoted for military goods traffic, and all military officers and soldiers of all ranks are entitled on duty, and often on leave, to travel in a higher class on payment of a lower class fare. One of the witnesses who appeared before us (Mr. B. Das, M.L.A.) has estimated the loss to railway revenues at a crore of rupees annually. We have not been able to verify this estimate. We are not aware of the reasons that have led to the latter concession being granted to military personnel, but we are quite convinced that there are none that can justify the cost not being charged to the Army Department, but to railways. **This concession, and the special freight rates quoted for military traffic if such rates are not on a remunerative basis, is in our view subvention from railways to the Army Department which, apart from any other consideration, railways are not in a position to afford today. We strongly recommend that these concessions should not be continued any longer.**

Medical Department.

194. We find that the work of the Chief Medical Officers in the various railways varies very greatly. The Chief Medical Officer on the East Indian Railway for instance has to supervise the work of 15 medical officers, while the Chief Medical Officer on the North Western Railway has only 3 or 4 officers under his control. A suggestion has been made to us that the administration of the Medical Departments on all State-managed Railways should be concentrated at the headquarters of the Railway Board. While we cannot express any definite opinion on this proposal, we consider that it should be carefully examined by the Railway Board. **We are quite clear, however, that it is practicable to amalgamate the headquarters establishment of the medical department of the East Indian and Eastern Bengal Railways which it is estimated will probably save at least half a lakh a year. We also suggest that the question of having one headquarters establishment for the North Western and Great Indian Peninsula Railways located at Delhi, at least till the North Western Railway is fully organised, should be taken into consideration at once.**

195. One member of the Committee is of opinion that the question of reversion to the old system on State-managed Railways of enlisting the services of the Civil Medical Department in this matter, thereby dispensing with the State-managed Railways Medical Department altogether, deserves further consideration.

Statistical Work.

196. We understand that it has already been accepted in principle by the Railway Board that the compilation of statistics should be in charge of a Compilation Officer under the Accounts Department. We recommend that effect should be given to this at once. We feel that by this means it would be possible to do away with the posts of Statistical Officer and Compilation Officer which exist on many railways. The mechanical work of compiling whatever statistics are considered useful can, we are confident, be done by an intelligent Superintendent under the general direction of the Chief Accounts Officer. The examination and interpretation of these statistics is a matter for the executive, and it should be one of the chief duties of a Deputy Agent to bring important matters arising out of such examination to the notice of the Agent, and to see that Heads of Departments take all necessary action.

Presses.

197. The Railway Board have informed us that a joint press for the Eastern Bengal and East Indian Railways is likely to yield appreciable savings, but that the Agent of the Eastern Bengal Railway, who admits this fact, is doubtful whether it will give equally efficient service. We recommend that the question of amalgamation should be taken up at once.

Railway Catering.

198. We understand that the Bengal Nagpur Railway runs its catering departmentally, and at an annual loss of over half a lakh for a number of years. The total cost of the establishment is about 2¾ lakhs. We can see no justification for continuing this department at a loss and **recommend that the question of adopting the system in force on other railways of letting the catering to contractors should be considered immediately.** We understand that the railway also maintains two hotels at Puri and Ranchi which are working at a loss though a small profit was made in 1929-30. If these hotels continue to work at a loss the question of closing them also should be similarly considered.

Sports activities of Railways.

199. We understand that till recently there was a Sports Officer attached to the Central Publicity Bureau who was supposed to co-ordinate the sports activities of the different railways, organise inter-railway sports, etc., and that there were Sports Officers on various railways doing similar work. Some of these posts, we understand, have been abolished owing to the present financial stringency.

We recommend that no attempt should be made to revive these posts. While we are not in favour of curtailing sports activities, we are of opinion that the supervision of these activities should be purely honorary work.

Railway Rates Registers.

200. We have been informed by the Director of the Railway Clearing Accounts Office that the annual cost of maintaining the rates registers on the North Western, Great Indian Peninsula and East Indian Railways is likely to be Rs. 1,10,000. We are not sure that the benefit derived either by the railways

or by the public by the maintenance of these registers is commensurate with the cost, firstly, of preparing them and, secondly, of maintaining them. We understand that it is impossible to estimate what leakage of revenue these registers save to railways, and that, though it is estimated that there will be savings in staff as a resu t of these registers, commercial departments are reluctant to reduce staff correspondingly. **We suggest to the Railway Board the desirability of considering carefully whether expenditure on rate registers in these circumstances is worth while.**

Saloons.

201. We have been given certain figures by the Railway Board showing that the number of officers' carriages in the current financial year was 820 and that 161 carriages were constructed between the years 1924-25 and 1930-31 of which 108 were additions to the stock on railways. The total number of officers on railways is approximately 2.000 and the number of saloons in use, which is 40 per cent. of this seems to us to be too high compared with the number of officers. In view specially of the possibility of reduction in the number of officers, **we recommend that no additions to the present stock of saloons should be made and even replacements should be carefully considered.** The possibilities of pooling saloons, thereby reducing the total number of saloons, should not be lost sight of. We understand that the Madras and Southern Mahratta Railway have reduced the use of special carriages by officers and we trust that the question of similar action will be carefully considered by all railways.

Incentives to staff for co-operation in economy measures.

202. It has been pointed out that the more important problem with which we are faced is how to ensure the economical working of our railways and to inspire zealous and devoted service from our railwaymen, rather than to lay down the standard of economical administration and the expectation of net financial results.

203. One possible scheme suggests itself in this connection, namely, evolving some method by which all classes of the staff may be induced to take a lively interest in more economical and efficient working, and to shake off their lethargic, humdrum and almost mechanical way of doing things. This can be done largely through the introduction of the system of inviting suggestions from the staff and encouraging inventions by them calcu'ated to bring about economy.

204. So long as mutual confidence and complete co-operation between the owners of railway property and the managers, however, are not secured, no amount of rules, statutory or otherwise, can ensure efficient and economical working. Experts may be asked to come and scrutinise but unless the actual workers concerned lay their cards on the table and they are frankly taken into confidence the best arrangement cannot be attained. Moreover, railway working is of a dynamic nature, the scope of improvement in the same being almost continuous and unlimited. It is therefore necessary to induce the railwaymen to put in their best energy for successful working not only during periods of strain and difficulty but always and continuous'y. This has been realised by most of the advanced railway systems in the world and, with varying degree of extension, schemes for inviting suggestions from the staff for improvement and economy have been introduced.

205. On the Great Western Railway in England there is a system of continuously inviting suggestions from every class of railway employee for improved working and the meanest worker has an opportunity of proposing something that may, in his opinion, bring about efficiency and economy. All these suggestions are received direct by the General Manager and then the bare

proposals are sent back to departments concerned for enquiry and report. The names of original proposers are kept strictly confidential and in case some economy is found to be possible through the adoption of a suggestion the employee who proposed it gets a monetary reward corresponding almost to one year's savings. In case it is found impossible to accede to the suggestion, the proposer is informed of the difficulties. Thus the system of suggestions works both for economy in the working as well as for education of the staff.

206. On some other railways, instead of a continuous suggestion for economy, certain stated weeks in the year are notified as economy or efficiency weeks during which the staff of all grades are asked to put in their best work and to suggest improvements. Rewards are given on the suggestions and on good record of work during the weeks. In certain cases competition or prize weeks for different grades of workers are also set apart and announced.

207. On the South African Railway a " Suggestions and Inventions Scheme " has been in operation for the last two or three years. The scheme is reported to have been very popular with the staff. During 1929-30 nearly 2,400 suggestions were received out of which more than 550 were adopted. It is reported that there was " a gratifying number of suggestions calculated to secure reductions in working costs without impairing efficiency, a fact which points to a praiseworthy desire on the part of the staff to advance the economy and efficiency movement, upon which the administration has embarked ". The members of the staff whose suggestions were adopted received monetary awards aggregating about £1,000 during 1929-30. So greatly has the suggestions scheme been appreciated by the administration that the General Manager of the South African Railways conveyed a special tribute to the staff at the conclusion of his Annual Report 1929-30 " for the earnest and continued efforts made to further economy and improve the methods of working in all branches of the service ".

208. The Germans are generally more given to method and red-tape, and yet on the German Railways considerable attention is given to the suggestions from the staff and particularly to inventions that members in the railway service may make. The practice on different systems under respective Presidents is different with regard to the method of rewarding good suggestions or inventions, but the railway authorities always give a patient hearing to any new suggestion that the staff may offer. For inventions the encouragement given is often very substantial, both in the opportunity given to the officers concerned for carrying on their experiments, as well as in providing sufficient resources for putting inventions into practice.

209. In view of these experiences it is felt that considerable improvement in the efficiency and economy of working can be secured if some system is introduced on all the State Railways in India for inviting suggestions from the staff along lines suggested above. This will not only secure the maximum possible economy, but will also enlist the goodwill of the staff which is so essential for successful working.

210. It is hoped that in connection with the present study of retrenchment on Indian Railways some suitable and effective method will be found out to see that the proposals for economy are faithfully carried out and the co-operation of the Railway employees is fully secured.

CHAPTER XIII.

Summary of Financial Results.

211. The following is a summary of the financial results of retrenchments :—

	Lakhs.
I. Estimated savings resulting from measures of economy introduced by railways up to 31st July 1931—	
(1) General Administration	34·7
(2) Repairs and Maintenance	240·92
(3) Operation (other than Fuel)	118·50
(4) Fuel	85·22
	479·30
II. Additional recommendations for economy made by us —	
(1) Amalgamation of offices of Railway Board and of Controller of Railway Accounts, and Central Standardisation Office and reduction of staff (para. 37)	5·0
(2) Reduction of Circles of Inspection. (Para. 47)	1·5
(3) Reduction in Accounts and Audit. (Para. 90)	22·0
(4) Abolition of Railway Rates Advisory Committee. (Para. 131) ..	1·0
(5) Reduction in Publicity expenditure. (Para. 143)	7·5
(6) Reduction in expenditure on Railway Staff College. (Para. 145) ..	·5
(7) Reduction in miscellaneous expenditure. (Para. 158)	5·0
(8) Reduction in leave and deputation reserve and abolition of permanent posts for Construction and Surveys. (Paras. 164 and 165)	8·0
(9) Cuts in pay of existing staff. (Para. 185)	225·0
(10) Suspension of further action regarding introduction of Hours of Employment Regulations. (Para. 192)	24·0
(11) Amalgamation of Medical Headquarters establishment of E. B. and E. I. Railways. (Para. 194)	·5
(12) Abolition of catering department, B. N. Railway (para. 198).. ..	·5
..	300·5
Total savings	779·8

NOTE.—The scales of pay for new entrants that we propose, and the further reductions in the number of gazetted officers that we recommend along with the other suggestions that we have made should ultimately give very substantial savings, which we are not at present in a position to calculate.

CHAPTER XIV.

Conclusion.

212. One of the terms of reference to us was :

> "Further the Sub-Committee shall report in due course to the Committee whether in their opinion, in order to comply fully with their terms of reference, it is desirable that an expert committee should be appointed."

We take it that when the Retrenchment Committee specifically charged us with this term of reference they had in view the very highly technical questions involved in an enquiry of this nature which could be elucidated only by a Committee with more expert knowledge than we were able to command. Almost at the commencement of our task we found that, while we could easily deal with the comparatively minor items of expenditure which are grouped under Demands 1, 2, 3, and 11 of the railway budget, we could not in the time at our disposal investigate in detail the large amount of expenditure included under working expenses of railways—Demands 4 and 5—without visiting some at least of the railways and making detailed investigations on the spot. This view was further confirmed when we examined the Agent of one of the railways who happened to be in Simla on other duty. The examination of this witness revealed to us the need for a very full enquiry into the details of the working of the various departments of railway administration, and that this work could be more usefully undertaken by a small Committee composed mainly of financial and railway experts. We, therefore, decided to confine ourselves as far as possible to general questions which could be examined from the headquarters of the Railway Board and for the rest to recommend the immediate appointment of such Committee to investigate the matter more thoroughly.

213. The need for such an expert enquiry would become apparent when it is realised that as a result of our limited enquiry the definite proposals which we have made indicate a saving of three quarters of a crore of rupees apart from the cuts in pay which bring the total to about 3 crores. We have made various other proposals which, if given effect to, will lead to considerable ultimate savings, but it is impossible to forecast with any measure of accuracy when these savings can be effected and what their total amount would come to.

214. In our introductory chapter we drew attention to the observation of the Inchcape Committee that the railways in India must earn at least 5½ per cent. on the capital at charge. As was pointed out in that chapter the net earnings of the railways (before paying interest charges) must come to 41½ crores if the railways are to carry out this obligation. We would like to reiterate again that even in times of financial crisis through which we are passing it would not be unreasonable to expect the railways in India to maintain this standard of earning. It would be observed that as a result of the economies effected by the railways on their own accord and under instructions from the Railway Board the savings come to about 5 crores of rupees as compared with the working expenses of 1930-31. If to this saving is added the economies amounting to 3 crores of rupees which will result if all our recommendations are given effect to, it would still be found that there is a gap of about 11 crores of rupees which will have to be made good if the railways are to maintain the standard of earning as stipulated above. We, therefore, feel that the expert committee that we recommend should be definitely charged with the task of suggesting such economies and re-organisations as would ensure the railways attaining this standard. From the cursory examination that we have made of the problem it appears to us that it may probably be necessary to re-organise the whole of the railway system on different lines. Even a more extensive pursuit of the economy campaign on

which the railways are now engaged, combined with a drastic reduction in the number of officers, will not by themselves, so far as we can see, enable the railways to make good the gap.

215. We do not propose to indicate the particular lines of enquiry for that committee, but there are a few of the more important points which have been brought to our notice which we commend to their consideration.

216. The first of these is the proportion between the fixed and variable expenditure on the railways as they are at present. We realise that a great many items of railway expenditure are of such a nature that they must necessarily remain constant irrespective of the volume of traffic handled, but we feel that these fixed charges are at present on a larger scale than they ought to be. The serious growth in administration charges and the urgent necessity for a drastic change in the organisation of Indian railways which can combat this continuous growth must be carefully examined. We have pointed out in the body of our report how the administrative charges have grown out of all proportion to the growth in the activity of the railways either in the form of increased mileage or increase in the traffic handled. Under a scrutiny into the administrative charges come, among others, a detailed investigation into the advantages claimed for the Divisional organisation taking into account both efficient and economical working ; whether by a suitable redistribution of the present state-managed system into smaller units the departmental system may not lead to better results ; if a divisional organisation is best for Indian railways, what should be the most economical unit for such an organisation ; whether it should be a complete divisional organisation with the head of it responsible for the detailed management of all railway activities within his area, or whether a half-way house like the present G. I. P. system is preferable ; what should be the powers delegated to the head of the organisation and what should be the maximum interference permissible from headquarters ; whether in order to reduce such interference to a minimum, it is not necessary drastically to curtail the headquarters organisation ; whether better results can be obtained by combining allied departments like the Commercial and Transportation Departments, or by keeping them separate ; whether a separate Personnel Branch is an essential or even a desirable feature of such organisation ; and so on.

217. The expenditure incurred on repairs and maintenance would require the closest scrutiny and examination. The expenditure on these items is one of the lines of enquiry which is likely to lead to considerable and permanent economies. The Report of the State Railways Workshops Committee disclosed a very unsatisfactory state of workshop organisation on Indian Railways and drew pointed attention to the fact that the unit cost of repairing a locomotive or coaching vehicle or wagon was very much higher than what prevailed in certain other countries. No doubt the expenditure under this head has been considerably reduced since the Workshops Committee reported. We have been told by the Railway Board that the improvement in this direction is mainly due to their giving effect to the recommendations of that Committee. The fact that total expenditure fell only by 45 lakhs in the years 1924-25 to 1930-31, while in 1931-32 it is expected to fall all at once by 2½ crores, of which over a crore is stated to be permanent, creates some misgivings as to the effective control of expenditure exercised by railway administrations in normal times. From the figures supplied to us about the cost of maintenance and repairs on the rolling stock we notice that it is difficult at present to compare unit costs of repairs and maintenance of permanent way or of rolling stock. The figures for different railways vary far too greatly to permit us to compare them or to draw any conclusions confidently from them. We are moreover warned that conditions on different railways vary to such an extent as to make comparisons impossible. However, we feel that it should be possible to prepare unit costs on a uniform

basis, so that taking into account the various special features of a railway, it should be possible to compare the results of one railway with another and call them to account for any serious variation.

218. We mentioned above the need for examining the proportion of fixed and variable expenditure. One of the most important questions which would require examination is the desirability of having an organisation which, if not automatically, will at least effectively respond to the fluctuations of traffic. Notwithstanding a very learned note supplied to us by the Railway Board on the theory of dependent costs, we have felt that too little attention has been paid by railways to this very important question. It is necessary that railways should work ordinarily with a staff sufficient to deal with the minimum traffic expected, supplementing it when necessary with temporary staff in busy seasons who may be discharged when the necessity vanishes. Prudence and care in such matters would not merely keep working expenses to a minimum but would obviate the unpleasant necessity of wholesale discharges of men at times like the present.

219. Finally there is the question of the various classes of accommodation that railways provide in India and how far they are really paying, and whether it would not be desirable to reduce the number of classes in order better to provide for the needs of the travelling public and at the same time work the railways on a remunerative basis.

220. These and various other questions of a similar nature would have to be carefully examined.

221. Apart from the present financial situation we have felt that a large organisation like Indian Railways would be all the better for a periodical overhaul by a small body of outsiders including persons new to Indian railway organisation but familiar with similar organisations elsewhere who will be able to bring to bear on the problem their experience of other organisations and look at the organisation in India from a new point of view.

222. **For these reasons we strongly recommend the immediate appointment of a small Committee as recommended by us.**

R. K. SHANMUKHAM CHETTY,
Chairman.

ZIA-UD-DIN AHMAD.

E. F. SYKES.

K. BALARAMA IYER.

N. R. SARKAR.

P. R. RAU,
Secretary.

SIMLA,
3rd October 1931.

SUPPLEMENTARY NOTE BY DR. ZIA-UD-DIN AHMAD.

Staff College, Dehra Dun.

I did not have the opportunity to see the College, but from the second hand information I received about the college, I conclude that it is an expensive luxury. We cannot afford to maintain the college with a deficit of ten crores in the budget. I therefore suggest that the college may be abolished and the buildings may be sold to the Military Department for locating the proposed Military College.

Clearing Accounts Office.

The associations and private individuals who submitted their memoranda to us were almost unanimous in their suggestion that the Clearing Accounts Office in Delhi shou'd be abolished. I have not been able to see the working of this office, as we began and finished enquiry during the Assembly session at Simla where we were otherwise busy. We are spending about 18 lakhs in maintaining an elaborate office for calculating with mathematical accuracy the amount which each State railway should pay to every other State railway. Such expenditure, in my opinion, is not justifiable and it is unnecessary waste of money.

Had the percentage which one State railway paid to other State Railways under each head varied abnormally from year to year there would have been some justification for maintaining the costly office. From the figures supplied to me by the Director of Clearing Accounts Office it appears that variation is not abnormal. The variation is abnormal only in traffic of horses and dogs, but the amount involved in this variation is very small. There is also some unusual variation in the figures of the Eastern Bengal Railway.

The following is the percentage of payment from one State Railway and other State Railways during the last three years under the heads of—

(1) Passengers traffic.
(2) Goods traffic.
(3) Parcels traffic.
(4) Horses and Dogs traffic.

It is unfortunate that the figures of previous two years are not available.

Years.	Total Freight.	Percentage of proportions due to Railways to total freight.			
		N. W.	G. I. P.	E. I.	E B.
From North Western Railway.					
1928-29	4,590,301	48·7	11·9	39·4	..
1929-30	5,047,065	48·4	11·2	40·4	..
1930-31	4,293,331	49·7	11·2	39·1	..
From G. I. P. Railway.					
1928-29	2,157,937	9·7	75·0	15·3	..
1929-30	3,259,130	8·6	77·5	13·9	..
1930-31	3,035,868	8·8	76·6	14·6	..
From E. I. Railway.					
1928-29	6,219,127	27·9	30·8	39·0	2·3
1929-30	6,248,169	27·6	32·9	37·5	2·0
1930-31	5,432,047	29·0	31·7	37·7	1·6
From E. B. Railway.					
1928-29	..	..	..	..	..
1929-30	103,077	0·5	0·2	60·6	38·7
1930-31	240,958	0·7	..	65·8	33·5

PARCELS TRAFFIC.

Year.	Total Freight.	Percentage of proportions due to Railways to freight.			
		N. W.	G. I. P.	E. I.	E. B.
From N. W. Railway.					
1928-29	1,479,592	43·3	6·9	49·7	0·1
1929-30	1,394,569	41·8	8·1	50·0	0·1
1930-31	1,265,754	41·9	8·6	49·5	..
From G. I. P. Railway.					
1928-29	744,229	16·6	70·3	13·1	..
1929-30	735,886	18·8	68·2	12·9	0·1
1930-31	826,335	18·6	68·9	12·5	..
From E. I. Railway.					
1928-29	1,255,931	33·4	15·6	49·1	1·9
1929-30	1,241,130	32·6	19·4	46·3	1·7
1930-31	1,154,766	34·1	16·7	47·9	1·3
From E. B. Railway.					
1928-29	114,160	11·6	0·5	69·5	18·4
1929-30	120,436	10·5	1·0	67·7	20·8
1930-31	127,543	7·6	0·5	65·9	26·0

GOODS TRAFFIC.

Year.	Total. freight.	Percentage of proportions due to Railways to Total freight.				
		N. W. R.	G. I. P. R.	E. I. R.	E. B. R.	B. B. & C. I. R.
From N. W. Railway.						
1928-29	10,553,125	40·7	5·8	53·2	0·3	..
1929-30 ..	9,812,744	43·6	15·4	40·9	0·1	..
1930-31 ..	10,916,048	41·4	15·9	42·5	0·2	..
From G. I. P. Railway.						
1928-29 ..	11,070,409	11·3	58·1	29·3	0·7	0·6
1929-30 ..	8,231,650	12·8	55·9	29·9	1·0	0·4
1930-31 ..	6,922,374	13·9	57·1	28·0	0·8	0·2
From E. I. Railway.						
1928-29 ..	22,005,863	21·5	10·8	58·9	8·8	..
1929-30 ..	23,662,737	19·3	15·7	56·4	8·6	..
1930-31 ..	21,550,210	19·1	18·2	54·6	8·1	..
From E. B. Railway.						
1928-29 ..	5,392,786	2·4	1·5	79·7	17·0	..
1929-30 ..	5,287,589	2·5	1·0	74·5	22·0	..
1930-31 ..	5,510,777	2·8	0·8	80·7	15·7	..

LUGGAGE AND H. C. DOGS TRAFFIC.

Year.	Total freight.	Percentage of proportions due to Railways to Total freight.				
		N. W.	G. I. P.	E. I.	E. B.	B. B. & C. I.
From N. W. Railway.						
1928-29 ..	281,935	44·5	24·0	31·5	..	..
1929-30 ..	240,552	44·2	15·8	40·0	..	..
1930-31 ..	186,782	43·4	25·6	31·0	..	..
From G. I. P. Railway.						
1928-29 ..	201,833	12·6	73·0	14·3	0·1	..
1929-30 ..	203,624	12·0	72·3	15·7	..	..
1930-31 ..	173,003	12·6	72·3	14·9	0·1	0·1
From E. I. Railway.						
1928-29 ..	292,704	23·4	21·1	54·3	1·2	..
1929-30 ..	264,113	23·7	22·0	53·4	0·9	..
1930-31 ..	197,214	24·6	21·8	52·7	0·9	..
From E. B. Railway.						
1928-29 ..	..	..	..	..	..	..
1929-30 ..	3,152	0·1	..	82·6	17·3	..
1930-31 ..	5,559	1·1	0·1	67·8	31·0	..

I therefore suggest that convention may be made between various State Railways and a percentage of their income under each of the above heads should be fixed for contribution to the State railways. The proportion should be the mean value of the figures of the last 4 or 5 years. The percentage should be revised after every two years as the flow of traffic may be diverted on account of the construction of new lines. I am strongly of opinion that one State railway should not be treated as a foreign line by the other State railways.

Traffic on two State railway lines should be considered as home traffic and all concessions given for long distances may be allowed in such cases.

CHECKING OF PASSENGER TICKETS.

Introduction.

E. I. R. before amalgamation :—

1. The system of checking tickets on the East Indian Railway before it became the State line was by means of Ticket Collectors and Ticket Examiners on certain recognised stations (Junctions) which were called the Checking Stations. The passengers detected without tickets at any station were charged from the last checking station. At small and unimportant stations where the posting of high paid staff was unnecessary, men were appointed on low salaries and were designated as Ticket Jamadars. These men at times rose from the menial establishment like shunting porters, etc. This staff was directly under the control of Station Masters but their transfers and promotions, etc, were under the District Traffic Superintendent. The tickets were also checked in running trains by persons who were designated as Travelling Ticket Inspectors, who were directly under the Audits and Accounts Department (Audits and Accounts were not separated). They were invariably sent out by officers in charge of T. T. I.'s in batches and their programme was communicated to them by telegrams. These men were given higher rate of pay and a consolidated night allowance of Rs. 4 per night. They were allowed one day off in a week. In the E. I. R. these posts were not open to Indians.

Oudh and Rohilkhand Railway.

2. The system of station checking on the O. & R. Railway was identical to the system prevalent on the E. I. R except that they had no ticket jamadars. The men that exercised a check on running train were designated T. T. E.'s and not T. T. I.'s and were directly under the control of the Chief Accounts Officer (and not under any of his deputies). The salary was comparatively low but they were paid mileage on the same scale as given to the guards and were governed by the same rules. They were expected to check every train at least once a week in the section allotted to them. They were allowed a day of rest in a week in lieu of the privileges given to guards such as over-rest, under-rest, double pay on Sundays and recognised holidays, half an hour for taking over and half an hour for making over. About the year 1924, the control of T. T. E.'s was entrusted to the Deputy Chief Accounts Officer and they were asked to work according to the programme given by the Head Office. After amalgamation the status of T. T. I.'s was lowered by recruiting men from ticket collector's grade and by transferring the control of the staff to Assistant Accounts Officer. He could not protect the interest of these men who were considered to be nuisance. By the transfer of control from Chief Accounts Officer to his assistant, the purpose of the appointment of these T. T. I.'s was also changed. Previously their function was more to prevent persons from travelling without ticket and detect frauds but after the transfer their efficiency began to be judged by the amount of money they actually collect. This change of function tended to encourage the practice of travelling without tickets.

Crew System.

The Crew System was tried in the N. W. R. in 1922 and failed (see Moody-Ward Report, para. 24). In spite of the experience of N. W. R. the system was introduced on the E. I. R. as an experimental measure in the year 1926. At the time of introduction it was claimed that Crew System will be more efficient and economical. In the figures that were then given the expenditure in the two different systems were not calculated on the same sections. An unqualified and cheap staff was appointed for this purpose. As the system was a new one it met a little success in the beginning, the officers and the crew men were energetic and made every effort to make it a success and the earning was

increased by about three lakhs (para. 20 M.-W. Report). A number of complaints were made later on and the system was examined by Moody-Ward, but they could not definitely pronounce as the figures were not available (see para. 24).

The failure of the Crew System is attributed to the following causes :—

(1) Low-paid staff.

(2) Recruitment of inexperienced and raw hands.

(3) Over-laping and usurping the rights and claims of old permanent and experienced staff, by giving preferential treatment to the newly recruited incumbents, both in respect of office and pay.

(4) The deficiencies of the working of the system itself.

(5) The absence of corridor carriages.

(6) Inability of control over the travelling public with the result that the percentage of missing of tickets at certain points reached as far as 50 per cent.

(7) In-experience and slackness of supervision on the part of these new Crew Inspectors and Officers.

(8) Absence of a thorough training.

The effect of these difficulties was :—

(1) Obtaining finality in respect of preventing ticketless passengers was hopelessly lost.

(2) Attempt to divert train earning to Booking Officer gradually failed and a free use of Excess Fare Tickets on train was adopted, so much so that a board was fixed at Howrah Station " EXCESS FARE TICKETS ISSUED HERE ".

(3) Collection on tickets on trains proved unsuccessful.

(4) Frauds in connection with tickets increased.

(5) Bribery and corruption was wide spread.

But the two principal causes of the failure are :—

(1) The lack of sympathy of the Principal Officer in charge of the Crew System (Mr. F. E. Robertson).

(2) The inability of the crew men to collect ticket at four different exits of the same carriage. Had there been only one exit in each carriage it would have been easy for a crew man to control the exit and entrance of passengers.

M.-W. Report has also condemned the Crew System in following words (para. 39) :—

> " We would go further and say that with low paid staff working on their own this is bound to be the case and consequent it is a waste of money to employ them. To what extent the present crew system on the East Indian Railway is tainted with corruption it is difficult to say. But in the opinion of practically all responsible officials corruption is widespread ".

The crew system was not introduced throughout the line. It was only introduced between Howrah and Moghalsarai, Moghalsarai to Shahjahanpur. In the remaining portions of the line the old system was in force. The T. T. I.'s were still under the Chief Accounts Officer. The M. W. Report examined the crew system and recommended that it should be replaced by a method of their own. They never took the trouble to weigh the merit of the old system and they never considered

whether the old system was more efficient and more economical than the one they devised. It is surprising that they never considered this aspect in their report.

The method of checking recommended by Moody-Ward Report is open to serious objections. In my opinion it ought to have been tried only in the sections where Crew System operated. Its introduction all over the line is a grave mistake. I draw attention to this fact in my letter, dated the 8th May 1931 addressed to the Secretary, Railway Board. A copy of which is attached herewith. My suggestion is that tickets should be checked at junction stations by the station staff who should be under traffic and directly under the Station Master. In addition to this permanent staff of the ticket collectors there should be travelling ticket inspectors directly under the Chief Accounts Officer and I would have said under the Director of Audit had the Director General agreed to it. These T. T. I.'s should also be authorised to check the work of the booking clerks as they used to do in O. and R. and N. W. Railways.

T. T. I.'s if placed under Chief Accounts Officer will not be under the influence of the Railway Staff and they would allow to travel only *Bonafide* passengers holding tickets and passes. These persons on account of their social position would be above temptations.

There is one more point to which I draw special attention. In any new scheme in which old hands are absorbed it is customary that their salaries are not abnormally reduced. The salaries of the T. T. I.'s absorbed in the Moody-Ward scheme should not be disproportionately diminished. T. T. I.'s were drawing from Rs. 230 to 500 including allowances, which now is reduced to Rs. 115 including allowance. Less than one-fourth of the salaries which they were drawing before.

Financial Aspect.

The expenditure of the old checking staff of the E. I. R. and O. and R. was about nine lakhs. The cost of the present scheme as estimated by the M. W. Committee was sixteen lakhs, but as pointed out in an Appendix the expenditure will be in the neighbourhood of eighteen lakhs.* It is therefore desirable in the interest of economy to adopt the old system which had no serious defect.

A careful examination of the figures of the passengers travelling without tickets since 1918 will show the gradual increase in their number though there was a rise in number of T. T. I.'s. The adoption of Moody-Ward scheme with all its defects, contradictions and financial extravagance and the employment of such a big staff, I can emphatically declare will considerably increase the number of passengers travelling without tickets, and the frauds connected thereby.

I therefore suggest that looking to the present financial stringencies coupled with incompleteness of all these schemes we may at once revert to the *old* system of checking tickets.

To

The Secretary,

Railway Board, Simla.

Dear Sir,

The President of the Railway Conference suggested few years ago that travelling without ticket should be made a cognisable offence and said that about 2¼ million persons are detected every year for travelling without ticket

*This calculation has been based on the maximum of each grade.

and it was believed that about double this number were not detected. The defect lies not so much in the comparative dishonesty of the people, as in the defective system of checking tickets. I have extensively travelled in England and on continent myself, and the system there is such that travelling without ticket is impossible. The stations and carriages are so constructed that checking become simple and automatic. The staff is allowed decent wages.

In India the checking system is most defective. In small stations, tickets are given on account of the kindness of passengers. The only person on duty issues tickets, passes the train and then collects the tickets himself. The passengers, specially at night time, may go out by various ways provided by the Railway authorities.

In recent years experiment was made by what is called Crew System. It was alleged that the system would be economical but that the figures were incorrectly quoted and the experiment was made under most unfavourable conditions, in spite of its failure on N. W. Railway. The assembly was entirely misled on this point. The chief reasons for failure of the system are :—

1. It was put under unsympathetic and selfish officers.
2. The crew men were not given living wages.
3. The crew men were never made permanent.

They tried to make hay, while the sun was shining and all the scandalous stories followed.

The system of T. T. I. had proved comparatively a great success so far. Now you are proposing to abolish it. Your information is based on reports and my information is based on facts. You travel in saloon with closed windows and see nothing of the working of the traffic. I actually travel under normal conditions and come very much in contact with persons who travel and who control travelling. So the T. T. I.'s in the East Indian Railway who are now working come from very respectable families and they have good social status. They are under the Accounts Officer and the salaries are decent. They are above corruption and they do not allow even the railway servants and their relations and friends to travel without tickets or passes. They catch few but their presence stops many persons from travelling without tickets. Their earnings are more than their pay and allowances.

In the proposed change you have considered only one side of the question that is the expenditure side, but not the income side.

By putting T. T. I.'s on low salaries and by putting them under traffic you incur two great risks which seriously affect the income.

1. The low paid staff will not be above temptation as present T. T. I.'s are. They will let a number of persons pass without tickets on taking gratuity. Their wishes will be admitted by the station staff who for personal reasons will not be able to oppose them.

2. The T. T. I.'s will now be under the traffic and they will allow the station staff, the relatives, friends and the friends of the relatives to travel without tickets. Now they catch them because they are not their colleagues. In future they will not catch them as actually happened in the Burdwan section before the introduction of the Crew System and was naturally resented by railway employees.

My experience of cheap T. T. I.'s is that they cannot even differentiate between a single and a return ticket for which I have got a proof.

The result of the proposed change will show some false saving on the expenditure side but you will reduce the income side substantially. In the end you will not clearly admit your mistake but attempt to explain away the fact by saying that on account of economic condition, the people travel more sparingly. The net result will be that the earning of the railway would fall down.

I am confident that the new system you are introducing now is a mistake than you did at the time of the introduction of the Crew System and in the interest of efficiency. I appeal to you to give it a trial only in the sections where Crew System exist at present and not throughout the line.

I hope that you will give opportunity to the assembly to discuss the question. Matters of this kind should not be decided by the so-called expert opinion which is sometimes biased but the representative of the travelling public also be consulted.

The condition of T. T. E.'s in N. W. R. is equally unsatisfactory. The system of checking tickets at big stations is very defective. The new scheme is more expensive and less remunerative. I draw attention to the memorial presented by T. T. E.'s to the Agent, N. W. R. on 20th June 1931. The system of checking tickets should be a fixed and definite system in each line and should not be constantly changed with the change in the personality of Divisional Superintendents. It will be difficult to review the working if it changed very frequently.

My recommendations are :—

(1) Tickets should be checked at principal stations by ticket collectors, who should work under the direction and supervision of station masters. These tickets should be checked on all trains.

(2) Tickets of higher class passengers should be checked a station before the arrival of trains in the morning at big stations such as Lahore, Delhi, Allahabad. These tickets should be checked by Travelling Ticket Inspectors.

(3) T. T. I.'s should be directly under the Chief Accounts Officer and not even under his Deputy. They should be authorised to collect coupon tickets on the journey and send the same direct to the Chief Accounts Officer, as they did before the amalgamation of E. I. R. and N. W. R.

(4) The pay should be sufficient and attract youths of better families, so that they may be above temptations and treat the passengers courteously.

(5) It is not necessary that a T. T. I. should travel on each train, but every train should be checked at least twice a week by T. T. I.'s.

(6) The number of railway passes with other particulars should be noted by T. T. I.'s in their diary.

In the end I like to point out that in all enquiries which is not of a technical nature, the representatives of public opinion and non-official business men may be associated.

Divisions.	H. T. C.		Assistant H. T. C.	L. T. C.	T. C.			Total.	Cost per mensem.
	Grade I 200—10—220	Grade II 150—10—190	110—5—140	75—5—90	I. 75—5—95	II. 53—3—64	III. 37—3—52		
									Rs.
Howrah	1	1	3	7	6	25	178	221	13,131
Asansol	1	*Nil.*	1	2	3	8	76	91	5,359
Dinapore	..	3	..	8	12	20	106	149	9,502
Allahabad	..	1	2	10	9	16	66	104	7,031
Lucknow	..	1	..	6	4	8	63	82	5,108
Moradabad	..	..	2	6	2	17	70	97	5,948
Total ..	2	6	8	39	36	94	559	744	46,079
Add 20% Relieving staff ..	..	..	..	..	..	..	148	148	7,696
GRAND TOTAL ..	2	6	8	39	36	94	707	892	53,775

T. T. Examiners.

Divisions.	Grade I 75—5—95	Grade II 55—3—64	Total.	Cost per mensem.
				Rs.
Howrah..	77	77	154	12,243
Asansol	21	21	42	3,339
Dinapore	42	43	85	6,742
Allahabad	37	37	74	5,883
Lucknow	45	45	90	7,155
Moradabad	40	40	80	6,360
Total ..	262	263	525	41,722
Add 20% Relieving staff	..	105	105	6,720 at 64 p.m.
Grand Total ..	262	368	630	48,442

Divisions.	Chief Inspectors.	Inspectors.			
	240—20—400.	Grade I 200—10—220.	Grade II 150—10—190.	Total.	Cost per mensem.
					Rs.
Howrah	1	1	2	4	1,060
Asansol	1	1	..	2	680
Dinapore	1	1	..	2	680
Allahabad	1	1	1	3	870
Lucknow	1	1	1	3	870
Moradabad	1	1	1	3	870
Total ..	6	6	5	17	5,030

		Rs.
Total cost of	Ticket Collectors including 20%	53,775
Do.	do. Examiners do.	48,442
Do.	do. Inspectors do.	5,030
Do.	consolidated T. A. A.'s calculated by the commission.. ..	10,760
Do.	uniform, stationery, etc.	10,461
Do.	leave allowances and P. F.	10,769
Do.	office staff	2,000
	Total cost per month ..	1,49,237
	Total cost per year ..	17,90,844
	Deduct previous calculations ..	16,30,008
	Total —	1,60,836

Divisions.	T. C.'s.	T. T. E.'s	Inspectors.
Howrah	13,131	12,243	1,060
Asansol	5,359	3,339	680
Dinapore	9,202	6,742	680
Allahabad	7,031	5,883	870
Lucknow	5,108	7,155	870
Moradabad	5,948	6,360	870
Total ..	45,779	41,722	5,030
Add cost of Relieving staff	7,696	6,720	..
GRAND TOTAL ..	53,475	47,442	5,030

	Rs.
Total cost per month	1,05,947
Do. of T. A. of T. T. E.'s	10,760
Do. of uniforms, stationery and stores	10,461
Leave allowance, provident fund and bonus at old rate	18,769
Office staff	2,000
Total monthly cost	1,47,937
Total yearly cost	17,74,244

APPENDIX A.

List of Witnesses.

Mr. T. G. Russell, Chief Commissioner of Railways.

Mr. A. A. L. Parsons, Financial Commissioner of Railways.

Mr. A. M. Hayman,
Mr. F. C. Pavry,
Mr. C. P. Colvin,
} Members, Railway Board.

Mr. H. N. Colam, Chief Controller of Standardisation.

Mr. E. Ingoldby, Deputy Chief Controller of Standardisation.

Mr. M. K. Mitra, Controller of Railway Accounts.

Mr. V. S. Sundaram, Director, Clearing Accounts Office.

Sir Ernest Burdon, Auditor General in India.

Mr. G. T. Tait, Chief Publicity Officer.

Mr. J. C. Highet, Agent, North-Western Railway.

Mr. M. S. Gregory, Chief Personnel Officer, North-Western Railway.

Mr. H. F. Lockwood, Chief Operating Superintendent, North-Western Railway.

Mr. C. V. Bliss, General Secretary, Indian Railway Conference Association.

Mr. H. G. Salmond, Officer on Special duty, Railway Board.

Mr. F. J. Page, Director of Mechanical Engineering, Railway Board.

Mr. Bakhle,
Mr. Ramnath,
} Representing the Great Indian Peninsula Railway Indian Officers' Association.

Mr. J. S. Pitkeathly, Chief Controller of Stores.

Mr. C. S. Rangaswami, Editor, *Indian Finance*.

Mr. W. H. Burnand, Divisional Superintendent, East Indian Railway.

Mr. J. B. Remington, Divisional Transportation Superintendent, Great Indian Peninsula Railway.

Mr. R. Mathrani,
Mr. Ram Avatar
Mr. Shiv Ram Das
Mr. B. Das, M.L.A.
} Representing the North-Western Railway Union.

APPENDIX B.

COMMERCIAL.

DEMAND NO. 1—RAILWAYS.

(RAILWAY BOARD.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
I.—Pay of Officers	7,69	7,85	7,62	7,41	6,90	7,59	7,57	7,70	7,08
II.— Pay of Establishment	3,61	3,68	3,58	3,46	3,58	3,78	4,10	4,30	3,95
III.—Other Charges	2,45	2,82	3,93	2,27	3,54	4,73	4,90	3,92	3,81
IV.—Technical or Drawing Office	..	14	31	36	45	55	18	18	18
Total ..	13,75	14,49	15,44	13,50	14,47	16,65	16,75	16,10	15,02
Deduct—Cut by Legislative Assembly	..	..	..	..	..	..	..	1,00	..
Net ..	13,75	14,49	15,44	13,50	14,47	16,65	16,75	15,10	15,02

COMMERCIAL.

DEMAND NO. 2—RAILWAYS.

(INSPECTION.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
I.—Pay of officers	3,11	3,02	3,07	2,84	2,57	3,50	2,98	2,85	2,85
II.—Pay of Establishment	45	49	54	47	48	48	50	51	51
III.—Other Charges	39	39	43	65	70	73	92	64	64
Total ..	3,95	3,90	4,04	3,96	3,75	4,71	4,40	4,00	4,00

COMMERCIAL.

DEMAND NO. 3—RAILWAYS.

(AUDIT.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Accountant General Railways (now called Director of Railway Audit).	2,23	2,57	2,72	2,66	2,91	2,39	2,45	2,15	2,05
Statutory Audit Offices (State-managed Railway Offices and Clearing Accounts Office).	..	84	2,94	3,73	4,57	8,38	12,42	13,13	13,09
Government Examiners of Accounts	3,38	2,86	2,92	2,84	2,89	2,93	4,05	4,76	4,76
Deduct.—Cost transferred to Strategic Lines ..	..	..	..	..	..	..	—22	—24	—20
Total ..	5,61	6,27	8,58	9,23	10,37	13,70	18,70	19,80	19,70
I.—Pay of Officers	1,87	2,24	3,05	3,06	3,50	4,65	6,23	6,70	6,75
II.—Pay of Establishment	2,47	2,73	3,92	4,46	5,14	6,68	9,17	9,90	9,71
III.—Other charges	1,27	1,30	1,61	1,71	1,73	2,37	3,52	3,44	3,44
Total ..	5,61	6,27	8,58	9,23	10,37	13,70	18,92	20,04	19,90
Deduct.—Cost of Strategic Lines	..	..	..	..	..		22	24	20
	5,61	6,27	8,58	9,23	10,37	13,70	18,70	19,80	19,70

COMMERCIAL.

DEMAND NO. 4—RAILWAYS.

(ADMINISTRATION.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Agency	36,63	44,48	45,69	50,16	49,77	52,59	55,50	54,00	..
Audit and Accounts	97,53	1,04,19	1,04,94	1,12,91	1,16,49	1,19,86	1,26,75	1,23,00	..
Cash and Pay	12,47	13,15	13,20	13,33	13,48	13,97	14,35	13,50	..
Stores Department	48,02	51,07	50,88	54,31	58,49	60,82	63,45	62,00	..
Engineering Department	1,96,30	2,04,24	2,05,58	2,10,03	2,13,68	2,24,31	2,28,55	2,23,50	..
Locomotive Department	1,22,35	1,29,03	1,31,15	1,36,74	1,42,32	1,48,81	1,52,85	1,49,50	..
Carriage and Wagon Department	48,72	51,78	53,07	55,02	57,64	61,86	62,75	62,00	..
Traffic Department	1,25,69	1,33,58	1,31,70	1,33,32	1,35,89	1,37,74	1,39,60	1,37,00	..
Medical Department	36,82	38,54	39,11	40,17	42,41	43,89	45,85	45,00	..
Steam Boat Service	4,09	3,84	4,06	4,08	4,22	4,32	4,15	4,00	..
Telegraph Department	64,95	64,23	65,83	63,48	62,21	63,65	63,38	63,80	..

DEMAND NO. 4—RAILWAYS—*concluded.*

(ADMINISTRATION.)

(Figures in thousands of rupees).

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Police	46,62	51,53	48,08	48,62	51,85	53,30	53,83	53,00	..
Electric Service Department	..	56	1,44	5,61	6,31	7,86	8,45	8,70	..
London Board's Establishments	16,15	12,25	10,88	10,63	10,42	9,79	9,65	9,80	..
Government Supervision	16,53	12,59	12,06	12,23	11,93	11,31	11,44	11,50	..
Contribution to Provident Fund	1,55,15	1,57,78	1,60,48	1,64,57	1,69,37	1,78,11	1,80,55	1,80,50	..
Gratuities	82,38	68,12	66,37	75,47	1,05,82	79,12	70,90	68,00	..
Publicity Expenses	1,22,30	1,36,13	1,29,74	1,20,76	11,56	16,07	15,00	13,20	..
Other expenses					1,21,57	1,25,61	1,23,00	1,14,50	..
Contribution to the Staff Benefit Fund	..	..	..	..	..	..	..	3,50	..
Less Administration charges of strategiclines included here.	—29,74	—31,97							
Total ..	12,02,96	12,45,12	12,74,26	13,11,44	13,85,43	14,02,99	14,30,00	14,00,00	14,00,00

COMMERCIAL.

DEMAND NO. 5—RAILWAYS.

(REPAIRS AND MAINTENANCE AND OPERATION.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotment 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Repairs and Maintenance of Way and Works ..	5,33,21	5,02,11	5,41,53	5,96,32	6,37,30	7,51,96	7,19,25	6,48,00	..
Replacement and Renewals of Way and Works not chargeable to the Depreciation Fund.						47,66	47,75	39,00	..
Less credits to Revenue						—1,92,63	—1,80,00	—1,80,00	..
NET WAY AND WORKS	5,33,21	5,02,11	5,41,53	5,96,32	6,37,30	6,06,99	5,87,00	5,07,00	..
Repairs and maintenance charges—									
Locomotives	4,50,64	4,36,80	4,57,36	4,38,52	4,57,76	4,86,26	4,74,00	4,50,00	..
Coaching vehicles	2,47,10	2,40,85	2,61,00	2,57,21	2,30,72	2,38,52	2,30,00	2,25,00	..
Goods vehicles	2,94,54	2,93,81	2,78,51	2,28,35	2,36,98	2,27,20	2,34,00†	2,07,00†	..
Payments on account of damages to and deficiencies in interchanged stock.	27,02	—1,46	11,36	24,72	30,27	24,20	..	..	..
Replacement and Renewals of Rolling Stock not chargeable to the Depreciation Fund.	..	..	..	..	—30.35	31,90	20,00	13,00	..
Less credits to Revenue					..	—51,31	—73,00	—73,00	..
NET ROLLING STOCK	10,19,30	9,70,00	10,08,23	9,48,80	9,25,38	9,56,77	8,85,00	8,22,00	..

(†) Includes provision for payments on account of damages to and deficiencies in interchanged stock.

DEMAND NO. 5—RAILWAYS—*contd.*

(REPAIRS AND MAINTENANCE AND OPERATION.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Repairs and Maintenance of Machinery, tools and plant and Miscellaneous.	1,97,73	2,06,48	2,14,78	2,07,18	1,94,58	2,14,93	2,12,00	1,99,00	..
Replacement and Renewals of Machinery, tools and plant and Miscellaneous not chargeable to the Depreciation Fund.						3,64	2,50	2,50	..
Less credits to Revenue.						—3,99	—7,50	—8,50	..
NET MACHINERY TOOLS AND PLANT ..	1,97,73	2,06,48	2,14,78	2,07,18	1,94,58	2,14,88	2,07,00	1,93,00	..
Credit from Depreciation Fund being net result of corrections of certain past erroneous adjustments.	..	..	..	..	..	..	—84,00	..	..
TOTAL REPAIRS AND MAINTENANCE ..	17,50,24	16,78,59	17,64,54	17,52,30	17,57,26	17,78,64	15,95,00	15,22,00	14,65,00

Note.—Up to 1928-29, figures of repairs and maintenance include credits to Revenue.

(REPAIRS AND MAINTENANCE AND OPERATION.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Staff—									
Station Staff	5,35,28	5,58,37	5,72,83	5,78,34	5,11,27	5,35,87	5,40,00	5,45,00	..
Running Staff	5,18,33	5,17,75	5,25,97	5,66,04	4,52,35	4,66,44	4,63,00	4,65,00	..
Other Staff					2,13,85	2,22,57	2,22,00	2,20,00	..
Contingent charges and Clothing					33,16	33,56	33,00	30,00	..
Stationery forms and tickets	2,86,60	2,72,23	2,60,72	2,96,60	36,80	36,21	34,00	28,00	..
Stores					2,19,68	2,23,36	2,15,00	2,02,00	..
Compensation for goods lost or damaged.. ..	56,70	29,16	15,00	9,42	10,62	8,85	8,00	8,00	..
Hire charges and other payments to railways ..	2,18	—6,48	—15,08	—24,40	44	—22,26	..	..	..
Expenses on handling of goods at out agencies ..	36,82	2,33,58	2,26,25	1,47,39	77,92	82,04	70,00	70,00	..
Miscellaneous					99,52	86,90	80,00	70,00	..
TOTAL OPERATION OTHER THAN FUEL ..	14,35,91	16,04,61	15,85,69	15,73,39	16,55,61	16,73,54	16,65,00	16,38,00	15,75,80

DEMAND NO. 5—RAILWAYS—*contd.*

(REPAIRS AND MAINTENANCE AND OPERATION.)

(Figures in thousands of rupees).

Particulars	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Fuel—									
Coal	6,13,14	5,10,25	4,12,45	3,60,50	3,00,17	3,00,17	2,99,00	3,08,00	..
Other fuel					49,04	45,63	42,00	40,00	..
Freight and handling charges	4,14,99	4,82,33	4,39,41	4,82,99	4,83,82	4,77,07	4,37,00	4,50,00	..
Electric Power				15,37	26,78	42,78	47,00	52,00	..
TOTAL FUEL	10,28,13	9,92,58	8,51,86	8,58,86	8,59,81	8,65,65	8,25,00	8,50,00	8,50,00
Total Final Heads	42,14,28	42,75,78	42,02,09	41,84,55	42,72,68	43,17,83	40,85,00	40,10,00	38,90,80
Add—Suspense	—37,64	—9,73	—5,67	2,97	—32,44	—15	..	..	..
Deduct—Worked lines	3,70,45	3,56,81	3,32,53	3,51,04	3,63,35	3,29,52	2,65,00	2,70,00	2,70,00
TOTAL WORKING EXPENSES	37,76,45	38,77,27	38,63,89	38,36,48	38,76,89	39,88,16	38,20,00	37,40,00	36,20,80
Refunds of Revenue—collected	..	..	21,34	13,55	15,33	14,52	15,00	15,00	15,00
GRAND TOTAL	38,06,19	39,09,24	38,85,23	38,50,03	38,92,22	40,02,68	38,35,00	37,55,00	36,35,80

COMMERCIAL.

DEMAND NO. 6—RAILWAYS.

(COMPANIES' AND INDIAN STATES' SHARE OF SURPLUS PROFITS AND NET EARNINGS.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Share of surplus profits paid to Railway Companies.									
Assam Bengal	..	..	2,19	4,04	3,96	2,17	1,00	75	—
Bengal and North Western	3,69	4,68	..	5,26	5,24	5,12	4,70	3,75	..
Bengal Nagpur	4,76	6,81	6,92	8,72	7,47	..	..	..	—
Bombay, Baroda and Central India	10,91	13,95	9,99	7,52	7,81	9,84	7,75	4,90	...
Burma	32,97	37,66	49,48	35,63	45,52	18,48	..	..	..
East Indian	10,05	..	..	..	..	..	..	..	...
Great Indian Peninsula	4,46	12,54	..	..	..	..	..	..	..
Madras and Southern Mahratta	41,16	56,50	54,39	54,60	48,14	74,09	61,40	28,75	...
Rohilkund and Kumaon	1,24	98	1,30	1,56	1,73	1,02	1,35	1,30	...
South Indian (including District Board Railways)...	7,11	7,83	7,38	8,68	6,08	9,91	13,80	9,80	...
Total ...	1,16,35	1,40,95	1,31,65	1,26,01	1,25,95	1,20,63	90,00	49,25	...

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DEMAND NO. 6—RAILWAYS—*concld.*

(COMPANIES' AND INDIAN STATES' SHARE OF SURPLUS PROFITS AND NET EARNINGS.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Share of Net Earnings paid to Indian States.									
Jaipur Durbar	3,51	12,24	10,74	7,21	7,65	7,79	7,00	7,00	..
Limbdi Durbar	..	..	..	21	6	7	10	..	..
Mysore Durbar	19,70	21,16	21,71	21,67	25,08	22,85	16,70	18,50	..
Palanpur Durbar	23	21	17	18	21	21	20	25	..
Travancore Durbar	2,49	2,86	1,29	1,86	19	43	1,00	..	..
Total ..	25,93	36,47	33,91	31,13	33,19	31,35	25,00	25,75	..
Grand Total ..	1,42,28	1,77,42	1,65,56	1,57,14	1,59,14	1,51,98	1,15,00	75,00	75,00

DEMANDS NOS. 7, 8, 9, 10 AND 15—RAILWAYS.

(CAPITAL AND DEPRECIATION FUNDS.)

(Figures in thousands of rupees).

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Demand No. 7.—New Construction (Commercial Lines).	2,77,60	3,93,14	6,59,20	9,91,07	8,79,72	6,50,37	3,75,00	2,89,00	2,84,00
Demand No. 8.—Open Line Works (Commercial Lines).	10,04,25	14,95,24	*20,12,95	21,61,09	†19,86,86	‡23,39,53	10,50,00	8,39,00	7,95,29
Demand No. 9.—Appropriation to Depreciation Fund (Commercial Lines).	9,94,81	10,31,70	10,53,14	11,00,86	11,60,47	12,17,95	12,63,00	13,00,00	13,00,00
Demand No. 10.—Appropriation from the Depreciation Fund.	7,29,02	7,98,39	8,04,65	10,95,12	9,59,84	11,76,18	9,00,00	8,25,00	8,08,07
Demand No. 15.—Capital (Strategic Lines) ..	64,13	36,12	50,64	96,26	68,50	28,44	25,00	17,00	17,00

* Includes 4,03,51 purchase price of Delhi-Umballa-Kalka Railway.
† Includes 3,99,31 and 11,48 purchase price of Burma and Mirpur Khas Jhudo Railways.
‡ Includes 7,04,55 purchase price of Southern Punjab Railway.

COMMERCIAL.

DEMAND NO. 11—RAILWAYS.

(MISCELLANEOUS EXPENDITURE.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Land	28	1,55	1,65	2,00	—1	97	2,00	3,00	300
Subsidy	2,81	2,83	3,56	3,32	2,92	3,42	4,50	4,00	4,00
Surveys	4,71	6,74	11,34	5,78	5,19	6,69	2,50	90	90
Miscellaneous establishments (excluding transactions in connection with the Arakan Light Railway).	5,85	5,54	7,14	8,20	6,77	8,62	10,75	7,60	7,60
Pensionary Charges	2,95	3,76	5,58	6,49	5,28	6,48	12,50	9,00	9,00
Other Miscellaneous Charges.									
Railway Rates Advisory Committee	..	..	1,38	1,48	1,67	1,56	1,80	1,45	1,45
Technical or Drawing Office	..	27	61	72	91	1,09	35	35	35
Chief Mining Engineer's Office (after deducting receipts).	—88	—41	44	—35	38	18	45	35	35
Controller of Railway Accounts	..	..	..	..	28	2,58	3,05	3,40	3,40
Central Standards Office	..	..	..	..	..	..	2,90	3,45	3,34
Auxiliary Account	—8,13	47	3,38	6,05	—8,32	2,00	..	..	..
Sundry Adjustments	1,82	—1,85	20,18*	6,10†	3,92	1,20	..	..	..
Deduct recoveries from Company-Managed Railway for Government supervision.	16,53	13,23	12,80	13,04	13,01	11,84	11,90	12,00	12,00
Total ..	—7,12	5,67	42,46	26,75	5,98	22,95	28,90	21,50	21,39

*Includes payment for purchase of Arakan Light Railway (27,80).

†Includes credit for Arakan Light Railway (37).

Included in the above are the following :—

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Railway Clearing Accounts Office	..	..	1,16	10,34	15,67	19,15	17,55	18,00	18,00
Central Publicity Bureau, Indian State Railways ..	..	..	..	3,40	7,19	8,10	7,30	5,85	5,85
Railway Staff College, Dehra Dun	..	..	..	..	..	..	3,95	4,15	4,15
Accounts Office, Railway Collieries	..	..	33	35	35	44	45	47	47

Provision to meet the expenditure of these offices is first made in the above demand but the expenditure is ultimately transferred to Working Expenses of Railways concerned. These Offices were not in existence during the years 1924-25 and 1925-26.

DEMAND NO. 14—RAILWAYS.

(WORKING EXPENSES—STRATEGIC LINES.)

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Working Expenses.									
Administration	29,74	31,97	31,74	32,82	34,49	35,14	37,00	35,00	35,00
Repairs and Maintenance	59,79	39,21	51,10	53,00	53,55	62,50	68,00	58,00	54,00
Operation—									
Other than Fuel	35,96	39,13	40,87	42,77	43,89	42,27	45,00	42,00	40,20
Fuel	30,09	34,65	27,55	29,38	27,40	27,45	25,00	25,00	25,00
Suspense	..	..	1	..	..	44	..	..	..
Total ..	1,55,58	1,44,96	1,51,27	1,57,97	1,59,33	1,67,80	1,75,00	1,60,00	1,54,20
Appropriation to Depreciation Fund	40,19	35,18	35,44	3),69	39,28	41,03	42,00	43,00	43,00
Refunds of Revenue	..	..	..	..	15	14	10	10	10
Miscellaneous	12	34	21	2,06	30	50	40	40	40
GRAND TOTAL	1,95,89	1,80,48	1,86,92	1,96,72	1,99,06	2,09,47	2,17,50	2,03,50	1,97,70

INTEREST CHARGES.

(Figures in thousands of rupees.)

Particulars.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Allotments, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.			
Interest on Government Capital	20,00,21	21,83,18	22,98,45	24,41,19	26,40,72	27,69,02	29,91,70	30,72,76	30,72,76
Interest on Capital contributed by Railway Companies.	2,67,16	1,66,99	1,56,90	1,51,86	1,50,42	1,36,94	1,37,54	1,35,92	1,35,92
Total Interest—(Commercial Lines) ..	22,67,37	23,50,17	24,55,35	25,93,05	27,91,14	29,05,96	31,29,24	32,08,68	32,08,68
Interest on Capital at charge (Strategic Lines) ..	1,22,77	1,30,94	1,31,35	1,34.03	1,41,82	1,40,09	1,46,75	1,48,52	1,48,52
GRAND TOTAL	23,90,14	24,81,11	25,86,70	27,27,08	29,32,96	30,46,05	32,75,99	33,57,20	33,57,20

APPENDIX C.

ASSAM BENGAL

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	874	874	874	913	1,010	1,104	1,107	1,132
Passenger traffic earnings—								
Upper class	6,24	6,99	8,39	9,26	10,03	10,48	9,00	10,65
Third class	61,26	67,78	73,12	78,58	79,78	78,73	73,50	78,00
TOTAL ..	67,50	74,77	81,51	87,84	89,81	89,21	82,50	88,65
Other coaching traffic earnings.	8,75	10,30	11,57	12,02	11,95	11,87	11,00	12,00
Goods traffic earnings	78,87	89,08	98,02	1,16,20	1,19,50	1,11,92	1,09,00	1,12,00
Sundry earnings ..	5,90	6,94	6,02	9,72	9,70	9,83	7,10	10,00
Suspense	—1,29	—61	—1,10	43	—1,84	—5	..	..
TOTAL ..	1,59,73	1,80,48	1,96,02	2,26,21	2,29,12	2,22,78	2,09,60	2,22,65
Deduct— Refund of revenue collected.	..	..	72	57	57	68	60	65
Deduct— Earnings of worked lines.	16,13	16,27	19,30	20,74	21,36	16,86	15,00	17,00
TOTAL ..	1,43,60	1,64,21	1,76,00	2,04,90	2,07,19	2,05,24	1,94,00	2,05,00
Government share of surplus profit from worked lines.	..	..	3	47	49	..	90	10
Interest on Depreciation Fund	37	1,12	1,60	2,16	2,91	3,79	5,47	6,57
TOTAL ..	1,43,97	1,65,33	1,77,63	2,07,53	2,10,59	2,09,03	2,00,37	2,11,67

RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	18,89,92	19,25,88	19,74,51	20,74,84	21,62,30	22,57,38	23,21,38	23,52,23
Working Expenses—								
Administration ..	27,65	29,23	32,16	31,31	32,36	33,84	34,50	33,50
Repairs and maintenance Operation :— Other than Fuel ..	21,78	23,21	25,17	29,62	34,05	36,41	34,05	34,60
	24,80	27,24	28,40	30,78	32,43	35,69	35,00	35,00
Fuel	14,22	13,25	12,72	14,84	15,07	15,81	15,50	15,75
Depreciation	24,05	24,38	23,85	23,71	25,30	26,89	29,90	31,40
Suspense	1,49	—1,97	1	83	—1,65	—7	..	..
TOTAL ..	1,13,99	1,15,34	1,22,31	1,31,09	1,37,56	1,48,57	1,48,95	1,50,25
Deduct—Share of worked lines.	8,07	8,13	9,65	10,37	10,68	8,43	7,50	9,00
Net working expenses ..	1,05,92	1,07,21	1,12,66	1,20,72	1,26,88	1,40,14	1,41,45	1,41,25
Company's share of surplus profits.	..	..	2,19	4,04	3,96	2,17	1,00	75
Interest— On Government capital at charge.	58,17	60,31	61,73	65,44	71,96	75,01	82,05	85,07
On capital contributed by the Company.	10,38	10,04	10,23	10,62	10,91	10,87	11,00	10,87
Total interest ..	68,55	70,35	71,96	76,06	82,87	85,88	93,05	95,94
Miscellaneous charges	1,20	1,86	79	63	43	79	27	—38
TOTAL ..	1,75,67	1,79,42	1,87,60	2,01,45	2,14,14	2,28,98	2,35,77	2,37,56
Balance net profit or loss (—) for the year.	—31,70	—14,09	—9,97	6,08	—3,55	—10,95	—35,40	—25,89
Percentage of net profit on capital at charge.	—1·7	—0·7	—0·5	0·3	—0·2	—0·9	—1·5	—1·1
Percentage of net profit (before deducting interest) on capital at charge.	1·9	2·9	3·1	3·9	3·7	2·9	2·5	3·0
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	73·8	65·3	64·0	58·9	61·2	68·3	72·9	68·1
Capital Expenditure— Open Line Works ..	12,90	13,77	20,93	52,71	38,82	44,99	38,00	21,15
New Constructions ..	12,05	22,19	27,69	44,62	51,63	50,09	26,00	9,70
Depreciation Fund ..	8,56	5,81	6,83	10,54	8,36	20,82	12,00	12,00

BENGAL NAGPUR

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	2,859	2,905	3,046	3,047	3,022	3,145	3,201	3,275
INDIA.								
Passenger traffic earnings—								
Upper class	29,28	29,86	33,88	36,10	36,53	33,25	29,00	31,00
Third class	1,95,98	1,98,81	1,83,21	1,89,87	1,85,88	1,92,22	1,74,00	1,83,00
TOTAL PASSENGER EARNINGS.	2,25,26	2,28,67	2,17,09	2,25,97	2,22,41	2,25,47	2,03,00	2,14,00
Other coaching traffic earnings.	39,33	39,99	40,63	41,16	44,01	40,15	36,00	39,00
Goods traffic earnings ..	5,49,15	5,55,14	5,55,61	6,31,14	6,36,13	6,48,64	5,67,00	6,17,00
Sundry earnings	16,59	15,43	16,94	16,90	18,21	13,27	12,72	13,97
Suspense	12,42	—1,26	—9,00	1,18	—4,45	6,08	..	..
TOTAL GROSS RECEIPTS ..	8,42,75	8,37,97	8,21,27	9,16,35	9,16,31	9,33,61	8,18,72	8,83,97
Deduct— Refunds of revenue collected.	..	..	1,19	81	1,25	1,13	1,25	1,35
Deduct— Earnings of worked lines.	4,46	33	26	..	2,74	1,07	2,50	2,65
TOTAL	8,38,29	8,37,64	8,19,82	9,15,54	9,12,32	9,31,41	8,14,97	8,79,97
ENGLAND.								
Receipts in England ..	4	4	3	3	3	3	3	3
Interest on Depreciation Fund.	1,46	4,29	6,46	9,18	10,02	8,00	8,49	10,06
TOTAL ..	8,39,79	8,41,97	8,26,31	9,24,75	9,22,37	9,39,44	8,23,49	8,90,06

RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	63,83,54	66,58,90	68,47,92	70,18,67	71,61,07	74,16,51	75,92,01	77,62,11
Working Expenses—								
Administration ..	1,14,28	1,23,61	1,19,96	1,26,53	1,25,18	1,36,70	1,40,00	1,36,50
Repairs and maintenance	1,68,71	1,67,99	1,62,51	1,79,16	1,91,17	1,97,41	1,91,00	1,84,25
Operation—								
Other than Fuel ..	1,48,65	1,39,06	1,28,82	1,48,17	1,52,45	1,73,13	1,68,00	1,65,00
Fuel	62,30	51,81	39,88	49,43	46,56	51,03	51,50	53,25
Depreciation	1,02,70	1,09,54	1,14,43	1,16,45	1,18,07	1,23,95	1,31,75	1,33,05
Suspense	—16,62	—43	—6,42	2,25	—2,53	—5,27	..	..
TOTAL ..	5,80,02	5,91,58	5,59,18	6,21,99	6,30,90	6,76,95	6,82,25	6,72,05
Deduct—Share of worked lines.	3,69	1,01	1,07	92	1,42	2,11	1,25	1,50
Net working expenses ..	5,76,33	5,90,57	5,58,11	6,21,07	6,29,48	6,74,84	6,81,00	6,70,55
Company's share of surplus profits.	4,76	6,81	6,92	8,72	7,47	..	..	..
Interest—								
On Government capital at charge.	2,16,88	2,37,81	2,49,38	2,64,60	2,83,66	2,82,86	3,00,43	3,15,21
On capital contributed by the Company.	52,12	49,10	45,89	41,50	38,97	39,27	39,75	39,27
TOTAL INTEREST ..	2,69,00	2,86,91	2,95,27	3,06,10	3,22,63	3,22,13	3,40,18	3,54,48
Miscellaneous charges ..	95	13	50	27	1,27	31	45	50
TOTAL ..	8,51,04	8,84,42	8,60,80	9,36,16	9,60,85	9,97,28	10,21,63	10,25,53
Balance net profit or loss (—) for the year.	—11,25	—42,45	—34,49	—11,41	—38,48	—57,84	—1,98,14	—1,35,47
Percentage of net profit on capital at charge.	—0·2	—0·6	—0·5	—0·1	—0·5	—0·8	—2·6	—1·7
Percentage of net profit (before deducting interest) on capital at charge.	4·0	3·6	3·8	4·2	4·0	3·6	1·9	2·8
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	68·7	70·5	68·1	67·8	68·9	72·5	83·6	76·2
Capital Expenditure—								
Open Line Works ..	2,31,26	1,91,80	84,28	86,87	45,90	1,57,35	65,00	1,05,10
New Constructions ..	1,00,30	83,56	1,04,74	83,87	96,51	98,08	1,10,50	65,00
Depreciation Fund ..	41,26	42,02	28,08	57,25	1,66,10	2,21,53	90,50	1,21,50

BENGAL AND NORTH WESTERN

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	815	808	809	807	810	806	8,46	8,46
Passenger traffic earnings—								
Upper class	6,48	6,58	6,78	7,47	7,33	7,96	7,00	6,00
Third class	1,49,26	1,59,94	1,64,44	1,67,17	1,58,81	1,68,20	1,55,00	1,62,00
TOTAL PASSENGER EARNINGS	1,55,74	1,66,52	1,71,22	1,74,64	1,66,14	1,76,16	1,62,00	1,68,00
Other coaching traffic earnings	14,51	14,06	16,76	16,08	16,75	15,17	13,75	15,00
Goods traffic earnings ..	1,59,22	1,59,66	1,71,36	1,82,00	1,75,12	1,68,71	1,64,20	1,70,00
Sundry earnings	4,04	3,12	3,27	3,00	3,16	3,26	3,30	2,37
Suspense	—14	—2,17	2,32	19	—1,40	4,90	..	..
TOTAL GROSS RECEIPTS ..	3,33,37	3,41,19	3,64,93	3,75,91	3,59,77	3,68,20	3,43,25	3,55,37
Deduct— Refund of revenue collected.	..	..	35	17	43	19	25	37
Deduct— Earnings of worked lines	1,85,77	1,85,46	1,94,61	2,08,84	1,89,59	1,93,69	1,88,00	1,85,00
TOTAL ..	1,47,60	1,55,73	1,69,97	1,66,90	1,69,75	1,74,32	1,55,00	1,70,00
Sale of land	2	1	..	2	30	3	..	..
Interest on Depreciation Fund.	—29	—53	—38	—22	—14	—32	81	2,37
TOTAL ..	1,47,33	1,55,21	1,69,59	1,66,70	1,69,91	1,74,03	1,55,81	1,72,37

RAILWAY (TIRHUT SECTION).

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year—	8,86,18	8,88,61	8,89,86	9,12,71	9,25,96	9,45,08	9,63,08	9,84,23
Working Expenses—								
Administration ..	28,21	30,80	31,42	31,91	32,42	33,59	35,70	35,00
Repairs and maintenan	37,63	39,09	41,47	43,12	43,35	42,88	42,95	41,20
Operation— Other than Fuel ..	31,70	29,50	32,76	34,41	34,78	35,80	36,25	36,25
Fuel	25,63	23,95	21,69	21,49	21,19	24,20	25,00	24,25
Depreciation ..	14,98	15,53	14,27	15,31	15,44	15,95	15,75	15,95
Suspense	—5 71	—3,61	4,03	4,19	—1,42	1,13	..	..
TOTAL ..	1,32,44	1,35,26	1,45,64	1,50,43	1,45,76	1,53,55	1,55,65	1,52,65
Deduct—Share of worked lines.	81,60	74,91	74,79	77,03	80,44	86,07	79,50	78,00
Net working expenses ..	50,84	60,35	70,85	73,40	65,32	67,48	76,15	74,65
Company's shares of surplus profits.	3,69	4,68	..	5,26	5,24	5,12	4,70	3,75
Interest—								
On Government capital at charge.	30,56	28,52	26,53	27,17	28,21	28,98	30,20	31,34
On capital contributed by the Company.	..	1,90	4,87	4,87	4,84	4,84	4,90	4,84
TOTAL INTEREST ..	30,56	30,42	31,40	32,04	33,05	33,82	35,10	36,18
Miscellaneous charges ..	7	1,06	1,51	19	2,07	11	4	35
TOTAL ..	85,16	96,51	1,03,76	1,10,89	1,05,68	1,06,53	1,15,99	1,14,93
Balance net profit or loss (—) for the year.	62,17	58,70	65,83	55,81	64,23	67,50	39,82	57,44
Percentage of net profit on capital at charge.	7·0	6·6	7·4	6·1	6·9	7·1	4·1	5·8
Percentage of net profit (before deducting interest) on capital at charge.	10·5	10·0	10·9	9·6	10·5	10·7	7·8	9·5
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	34·4	38·8	41·7	43·9	38·5	38·7	49·1	43·9
Capital Expenditure—								
Open Line Works ..	11,44	2,43	1,25	22,85	12,21	8,70	12,00	18,55
New Constructions ..	..	..	..	..	1,04	10,43	6,00	2,60
Depreciation Fund ..	27,06	14,99	11,54	9,36	16,75	21,78	18,00	10,00

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	2,940	2,938	2,937	2,929	2,929	2,975	3,002	3,002
Passenger traffic earnings—								
Upper class	42,67	39,36	37,56	37,82	38,98	39,76	37,00	41,00
Third class	4,21,66	4,22,54	3,88,71	3,86,21	3,96,70	3,85,76	3,63,00	3,75,00
Total passenger earnings ..	4,64,33	4,61,90	4,26,27	4,24,03	4,35,68	4,25,52	4,00,00	4,16,00
Other coaching traffic earnings.	78,94	82,71	80,61	84,18	82,71	75,78	68,00	73,00
Goods traffic earnings ..	7,41,20	7,35,78	6,79,20	6,96,40	7,34,89	7,33,93	6,78,00	7,15,00
Sundry earnings ..	20,51	17,07	17,21	18,47	16,22	20,15	17,00	19,00
Suspense	7,25	80	5,54	—4,82	6,47	—15,30	..	..
TOTAL GROSS RECEIPTS ..	13,12,23	12,98,26	12,08,83	12,18,26	12,75,97	12,40,08	11,63,00	12,23,00
Deduct—								
Refunds of revenue collected.	..	..	4,21	2,88	2,87	2,64	3,25	3,00
Earnings of worked lines.	79,25	83,47	78,65	81,82	87,20	85,76	84,75	85,00
Total ..	12,32,98	12,14,79	11,25,97	11,33,56	11,85,90	11,51,68	10,75,00	11,35,00
Interest on Depreciation Fund.	89	1,50	1,43	1,94	3,44	5,76	9,29	11,86
Government share of surplus profits from worked lines.	..	7	..	..	..	..	..	..
Total ..	12,33,87	12,16,36	11,27,40	11,35,47	11,89,34	11,57,44	10,84,29	11,46,86

CENTRAL INDIA RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	65,29,72	67,06,79	68,82,57	71,49,30	70,24,26	71,63,85	72,98,85	73,80,45
Working Expenses—								
Administration	1,44,81	1,52,35	1,53,04	1,57,37	1,66,71	1,68,86	1,72,00	1,68,00
Repair and maintenance	2,00,38	1,95,78	1,92,60	2,01,17	1,93,19	1,91,28	1,89,90	1,66,50
Operation :—								
Other than Fuel	1,66,62	1,92,51	1,89,98	1,80,14	1,84,70	1,89,64	1,90,00	1,87,00
Fuel	1,32,83	1,33,13	1,14,06	97,92	1,12,08	1,06,25	97,50	97,00
Depreciation	1,07,04	1,09,85	1,16,12	1,23,69	1,29,60	1,33,15	1,33,50	1,37,05
Suspense	—7,14	—2,49	51	—5,35	—62	—28	..	..
TOTAL	7,44,54	7,81,13	7,66,31	7,54,94	7,85,66	7,88,90	7,82,90	7,55,55
Deduct—Share of worked lines.	43,48	47,40	45,07	46,63	47,86	48,65	50,00	51,00
Net working expenses	7,01,06	7,33,73	7,21,24	7,08,31	7,37,80	7,40,25	7,32,90	7,04,55
Company's share of surplus profits, etc.	14,65	26,40	20,90	15,12	15,73	17,91	15,05	12,15
Interest :—								
On Government capital at charge.	2,12,01	2,21,73	2,28,75	2,39,88	2,54,73	2,55,57	2,70,31	2,77,90
On capital contributed by the Company.	13,16	12,61	12,72	12,72	13,50	13,47	13,63	13,47
Total Interest	2,25,17	2,34,34	2,41,47	2,52,60	2,68,23	2,69,04	2,83,94	2,91,37
Miscellaneous charges	44	49	56	1,95	1,91	2,05	2,52	1,20
TOTAL	9,41,32	9,94,96	9,84,17	9,77,94	10,23,71	10,29,25	10,34,41	10,09,27
Balance, net profit or loss (—) for the year.	2,92,55	2,21,40	1,43,23	1,57,53	1,05,63	1,28 19	49,88	1,37,59
Percentage of net profit on capital at charge.	4·5	3·3	2·1	2·2	2·4	1·8	0·7	1·9
Percentage of net profits (before deducting interest) on capital at charge.	7·9	6·8	5·6	5·7	6·2	5·5	4·6	5·8
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	56·9	60·4	64·3	62·6	62·4	64·3	68·2	62·1
Capital Expenditure—								
Open Line Works	1,86,54	1,76,00	1,71,94	2,63,02	1,04,35	1,44,52	1,35,00	81,60
New Constructions	..	1,06	3 85	3,71	13,24	—4,93	..	..
Depreciation Fund	70,28	1,16,86	99,59	1,14,43	68,70	1,10,26	85,00	97,90

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

BURMA RAIL

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open Mileage at end of the year.	1,795	1,822	1,883	1,909	1,831	2,046	2,057	2,057
Passenger traffic earnings—								
Upper class	14,35	15,03	13,35	14,93	14,48	13,65	10,50	12,10
Third class	1,41,12	1,51,15	1,39,43	1,48,45	1,38,33	1,27,40	1,16,00	1,24,00
TOTAL PASSENGER EARNINGS	1,55,47	1,66,18	1,52,78	1,63,38	1,52,81	1,41,05	1,26,50	1,36,10
Other coaching traffic earnings.	13,88	15,33	15,74	17,96	18,28	17,60	15,00	16,50
Goods traffic earnings ..	2,51,90	3,03,10	2,83,26	3,13,70	3,15,70	3,17,73	2,86,00	3,03,00
Sundry earnings	7,75	9,21	10,00	10,25	10,33	11,16	8,00	10,00
Suspense	—11	—90	27	—1,25	—1,41	21	..	..
TOTAL GROSS RECEIPTS	4,28,89	4,92,92	4,62,05	5,04,04	4,95,71	4,87,75	4,35,50	4,65,60
Deduct—Refunds of revenue collected.	..	..	1,28	79	65	62	50	60
TOTAL ..	4,28,89	4,92,92	4,60,77	5,03,25	4,95,06	4,87,13	4,35,00	4,65,00
Guarantee recoverable from local Governments for unremunerative lines.	..	..	7,91	3,98	4,00	4,91	4,70	5,12
Interest on Depreciation Fund.	20	43	42	63	1,27	1,88	2,94	4,24
TOTAL ..	4,29,09	4,93,35	4,69,10	5,07,86	5,00,33	4,93,92	4,42,64	4,74,36

WAYS.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year	27,09,44	28,23,15	29,44,23	31,35,12	32,76,06	34,75,53	35,33,53	35,95,83
Working Expenses—								
Administration ..	54,32	60,02	62,15	65,99	70,76	67,41	66,00	68,00
Repairs and maintenance	64,85	74,67	81,22	81,48	95,77	78,24	78,50	72,10
Operation—								
Other than Fuel ..	54,47	56,50	59,13	60,25	66,81	68,07	71,00	70,00
Fuel	45,77	42,45	37,90	41,72	41,21	44,53	47,00	48,00
Depreciation	41,67	42,95	43,25	45,11	46,66	48,28	51,55	52,85
Suspense	21	—1,29	—48	—21	51	—1,17	..	..
TOTAL ..	2,61,29	2,75,30	2,83,17	2,94,34	3,21,72	3,05,36	3,14,05	3,10,95
Deduct—Share of worked lines.	..	..	..	..	..	..	..	..
Net working expenses ..	2,61,29	2,75,30	2,83,17	2,94,34	3,21,72	3,05,36	3,14,05	3,10,95
Company's share of surplus profits.	32,97	37,66	49,48	35,63	45,52	18,48	..	..
Interest—								
On Government capital at charge.	76,96	83,75	88,74	96,78	1,08,30	1,58,80	1,58,66	1,62,77
On capital contributed by the Company.	15,45	14,92	15,07	15,05	15,04	..	..	..
Total Interest ..	92,41	98,67	1,03,81	1,11,83	1,23,34	1,58,80	1,58,66	1,62,77
Miscellaneous charges ..	1,30	3,31	1,58	1,48	2,03	1,62	—3	7
TOTAL ..	3,87,97	4,14,94	4,38,04	4,43,28	4,92,61	4,84,26	4,72,68	4,73,79
Balance, net profit or loss (—) for the year.	41,12	78,41	31,06	64,58	7,72	9,66	—30,04	57
Percentage of net profit on Capital at charge.	1·5	2·8	1·1	2·1	0·2	0·3	—0·8	·02
Percentage of net profit (before deducting interest) on Capital at charge.	4·9	6·3	4·6	5·6	4·0	4·8	3·6	4·5
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	60·9	55·7	61·5	58·4	65·0	62·7	72·2	66·9
Capital Expenditure—								
Open Line Works ..	54,66	68,93	65,15	1,00,84	54,16	1,15,41	45,00	42,00
New Constructions ..	51,08	44,78	55,92	90,05	86,78	84,07	13,00	20,30
Depreciation Fund ..	32,90	41,52	40,67	37,00	25,13	49,74	30,00	..

EASTERN BENGAL

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	1,616	1,604	1,611	1,637	1,743	1,793	1,793	1,846
Passenger traffic earnings—								
Upper class	29,16	35,20	38,89	36,78	37,60	35,70	31,00	33,00
Third class	2,01,35	2,08,09	2,14,09	2,28,93	2,26,30	2,27,27	1,98,00	2,14,00
TOTAL PASSENGER EARNINGS	2,30,51	2,43,29	2,52,98	2,65,71	2,63,90	2,62,97	2,29,00	2,47,00
Other coaching traffic earnings.	45,73	53,33	49,95	48,15	51,00	44,41	42,00	48,00
Goods traffic earnings ..	3,25,40	3,36,16	3,84,37	3,88,69	3,96,06	3,68,67	3,20,00	3,41,00
Sundry earnings	11,25	11,50	11,63	13,48	13,46	15,80	11,00	16,00
Suspense	—3,75	1,79	—4,61	3,13	—2,65	—1,23	..	..
TOTAL GROSS RECEIPTS..	6,09,14	6,46,07	6,94,32	7,19,16	7,21,77	6,90,62	6,02,00	6,52,00
Deduct— Refunds of revenue collected.	..	..	3.61	82	76	1,09	1,25	1,15
Deduct— Earnings of worked lines.	17,19	17,47	18,74	18,14	18,18	16,46	15,75	15,85
	5,91,95	6,28,60	6,71,97	7,00,20	7,02,83	6,73,07	5,85,00	6,35,00
Government share of surplus profits from worked lines.	17	59	52	77	43	45	20	12
Interest on Depreciation Fund.	53	1,91	2,80	3,78	5,22	7,16	10,03	11,06
TOTAL ..	5,92,65	6,31,10	6,75,29	7,04,75	7,08,48	6,80,68	5,95,23	6,46,18

RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	43,64,68	44,69,27	45,06,73	46,81,70	47,83,76	49,84,72	50,94,72	52,01,22
Working Expenses—								
Administration ..	93,40	96,01	99,78	1,01,07	1,08,56	1,07,96	1,12,01	1,08,00
Repairs and maintenance ..	1,11,27	1,26,32	1,33,00	1,32,67	1,37,94	1,32,49	1,21,70	1,00,15
Operation :—								
Other than Fuel ..	1,01,16	1,13,82	1,05,34	1,09,84	1,10,53	1,10,24	1,09,00	1,07,00
Fuel	52,45	53,60	36,99	38,92	39,66	39,51	37,80	40,00
Depreciation	73,27	75,73	77,28	79,04	82,88	86,36	91,40	96,30
Suspense	—3,76	1,83	—3,10	—1,19	—1,86	1,98	..	..
TOTAL ..	4,27,79	4,67,31	4,49,29	4,60,35	4,77,71	4,78,54	4,71,91	4,51,45
Deduct—Share of worked lines.	8,29	8,41	9,04	8,71	8,75	7,84	7,25	8,00
Net working expenses ..	4,19,50	4,58,90	4,40,25	4,51,64	4,68,96	4,70,70	4,64,66	4,43,45
Interest—								
On Government capital at charge.	1,56,07	1,59,60	1,61,52	1,68,46	1,79,98	1,86,84	1,99,88	2,06,39
Miscellaneous charges ..	5	1,08	2,18	—30	20	—36	8	..
TOTAL ..	5,75,62	6,19,58	6,03,95	6,19,80	6,49,14	6,57,18	6,64,62	6,49,84
Balance, net profit or loss (—) for the year.	17,03	11,52	71,34	84,95	59,34	23,50	—63,39	—3,66
Percentage of net profit on Capital at Charge.	0·4	0·3	1·6	1·8	1·3	0·5	—1·3	—0·1
Percentage of net profit (before deducting interest) on Capital at Charge.	4·0	3·8	5·2	5·4	5·0	4·2	2·5	3·9
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	70·8	73·0	65·7	64·5	67·8	69·9	79·4	69·8
Capital Expenditure—								
Open Line Works ..	19,16	1,08,76	57,88	1,07,24	98,74	1,44,50	85,00	74,50
New Constructions ..	..	..	9,17	67,74	69,42	56,45	25,00	32,00
Depreciation Fund ..	50,79	36,05	52,25	51,72	50,79	62,01	80,00	74,50

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

EAST INDIAN

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	4,153	3,913	3,957	3,980	4,151	4,188	4,251	4,397
Passengers traffic earnings—								
Upper class	95,00	89,21	88,23	98,10	91,57	85,99	77,00	80,00
Third class	5,48,15	5,14,60	4,91,95	5,19,90	4,81,09	5,11,67	4,77,00	4,90,00
TOTAL PASSENGER EARNINGS.	6,43,15	6,03,81	5,80,18	6,18,00	5,72,66	5,97,66	5,54,00	5,70,00
Other coaching traffic earnings.	1,09,59	1,01,68	96,35	94,37	90,31	86,67	81,00	87,00
Goods traffic earnings ..	13,33,19	12,60,19	12,78,25	13,21,06	13,54,38	12,61,43	11,76,00	12,25,00
Sundry earnings	25,26	22,93	18,37	22,16	22,88	30,47	22,00	26,00
Suspense	15,75	—6,97	5,05	—2,42	—93	17,18	..	..
TOTAL GROSS RECEIPTS ..	21,26,94	19,81,64	19,78,20	20,53,17	20,39,30	19,93,41	18,33,00	19,08,00
Deduct— Refund of revenue collected.	..	..	4,50	46	15	24	25	25
Deduct— Earnings of worked lines.	65,54	9,46	8,33	8,95	7,91	7,99	7,75	7,75
TOTAL ..	20,61,40	19,72,18	19,65,37	20,43,76	20,31,24	19,85,18	18,25,00	19,00,00
Government share of surplus profits from worked lines.	1,45	1,57	1,82	1,53	1,71	1,41	1,42	1,35
Interest on Depreciation Fund balances.	30	2,13	3,55	5,63	9,31	11,95	16,08	21,29
Sale of land	23	..	..	..	..	..	..	..
TOTAL ..	20,63,47	19,75,88	19,70,74	20,50,92	20,42,26	19,98,54	18,42,50	19,22,64

RAILWAY.

and Expenditure.

(Figures in thousands of rupees.

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	1,31,37,48	1,29,62,73	1,34,73,85	1,40,16,48	1,39,76,44	1,43,46,77	1,45,99,77	1,47,97,27
Working Expenses—								
Administration ..	2,39,44	2,30,56	2,38,60	2,47,80	2,57,68	2,62,82	2,61,00	2,55,00
Repairs and maintenance	3,80,00	3,29,26	3,33,77	3,23,06	3,14,84	3,39,51	2,56,10	2,56,00
Operation—								
Other than Fuel ..	3,64,19	3,39,97	3,24,05	3,06,81	3,42,34	3,19,21	3,19,00	3,15,00
Fuel	1,25,79	1,07,57	1,07,49	1,05,66	1,01,13	1,06,28	1,01,00	1,04,00
Depreciation	2,00,54	1,92,43	1,99,27	2,07,27	2,15,53	2,21,29	2,29,00	2,36,95
Suspense	—4,65	7,72	—8,79	5,84	—10,09	—2,97	..	..
TOTAL ..	13,05,31	12,07,51	11,94,39	11,96,44	12,21,43	12,46,14	11,66,10	11,66,95
Deduct—Shares of worked lines.	31,63	4,73	4,16	4,43	3,95	4,00	4,00	4,00
Net working expenses ..	12,73,68	12,02,78	11,90,23	11,92,01	12,17,48	12,42,14	11,62,10	11,62,95
Company's share of surplus profits.	10,05	..	..	..	..	..	..	..
Interest—								
On Government capital at charge.	4,15,90	4,89,71	5,08,17	5,32,71	5,70,19	5,86,70	6,16,77	6,28,19
On capital contributed by the company.	72,01	..	..	..	..	..	..	..
Total Interest ..	4,88,00	4,89,71	5,08,17	5,32,71	5,70,19	5,86,70	6,16,77	6,28,19
Miscellaneous charges ..	90	1,04	2,48	4,70	2,23	2,36	—1,58	45
TOTAL ..	17,72,63	16,93,53	17,00,88	17,29,42	17,89,90	18,31,20	17,77,29	17,91,59
Balance, net profit or loss (—) for the year.	2,90,84	2,82,35	2,69,86	3,21,50	2,52,36	1,67,34	65,21	1,31,05
Percentage of net profit on capital at charge.	2·2	2·2	2·0	2·3	1·8	1·2	0·5	0·9
Percentage of net profits (before deducting interest) on capital at charge).	5·9	6·0	5·8	6·1	5·9	5·3	4·7	5·1
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	61·3	61·0	60·6	58·2	59·9	62·6	79·4	69·8
Capital Expenditure—								
Open Line Works ..	2,65,04	3,24,81	2,70,12	3,78,89	3,42,90	2,32,69	1,50,00	1,27,80
New Constructions ..	54,81	1,04,45	1,18,20	1,64,90	1,49,50	1,39,82	1,03,00	69,70
Depreciation Fund ..	1,83,60	1,31,28	1,66,42	1,18,76	1,25,61	2,46,75	1,70,00	1,16,75

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

GREAT INDIAN

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	2,972	3,196	3,196	3,194	3,216	3,194	3,194	3,237
Passenger traffic earnings—								
Upper class	66,44	64,88	63,31	64,13	62,88	62,34	53,00	58,00
Third class	3,86,40	3,83,44	3,63,11	3,63,92	3,51,15	3,56,19	3,21,00	3,45,00
TOTAL PASSENGER EARNINGS.	4,52,84	4,48,32	4,26,42	4,28,05	4,14,03	4,18,53	3,74,00	4,03,00
Other coaching traffic earnings.	1,02,83	1,01,62	1,03,69	1,06,19	94,43	91,91	88,00	94,00
Goods traffic earnings ..	9,81,94	9,26,29	9,54,33	10,12,50	10,54,77	9,58,93	8,83,00	9,50,00
Sundry earnings ..	18,05	21,71	20,22	13,02	18,78	18,74	18,00	17,00
Suspense	1,64	3,20	5,62	—8,49	—11,92	12,59	..	..
TOTAL GROSS RECEIPTS ..	15,57,30	15,01,14	15,10,28	15,51,27	15,70,09	15,00,70	13,63,00	14,64,00
Deduct— Refunds of revenue collected.	..	..	5,53	2,47	3,49	4,29	3,00	3,00
Deduct— Earnings of worked lines.	41,24	38,02	34,28	39,90	36,33	38,06	35,00	36,00
TOTAL ..	15,16,06	14,63,12	14,70,47	15,08,90	15,30,27	14,58,35	13,25,00	14,25,00
Government share of surplus profits from worked lines.	..	..	1,43	99	1,65	1,29	1,60	1,75
Interest on Depreciation Fund.	1,03	2,79	3,96	2,73	—15	69	6,24	12,22
TOTAL ..	15,17,09	14,65,91	14,75,86	15,12,62	15,31,77	14,60,33	13,32,84	14,38,97

PENINSULA RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	1,01,40,79	1,07,97,56	1,09,69,26	1,13,92,91	1,11,82,28	1,15,48,13	1,17,75,13	1,18,92,78
Working Expenses—								
Administration ..	1,82,62	1,80,73	1,81,96	1,79,12	1,84,21	1,92,99	1,99,00	1,94,00
Repairs and Maintenance	2,60,09	2,82,17	2,91,95	2,49,99	2,59,22	2,42,52	2,50,65	2,22,45
Operation—								
Other than Fuel ..	1,83,40	2,41,36	2,50,51	2,34,37	2,40,88	2,57,64	2,69,00	2,64,00
Fuel	2,09,46	2,25 88	1,81,44	1,82,10	1,81,13	1,67,94	1,53,75	1,59,00
Depreciation	1,35,58	1,45,96	1,51,56	1,57,93	1,66,62	1,82,56	1,88,80	1,96,55
Suspense	—7,31	—2,15	—3,61	—1,66	—6,99	—2,42	..	..
Total ..	9,63,84	10,73,95	10,52,91	10,01,85	10,25,07	10,41,23	10,61,20	10,36,00
Deduct—Share of worked lines.	22,46	22,71	20,24	24.69	21,17	21,51	22,00	22,50
Net working expenses ..	9,41,38	10,51,24	10,32,67	9,77,16	10,03,90	10,19,72	10,39,20	10,13,50
Company's share of surplus profits.	4,46	12,54	..	..	..	..	..	..
Interest—								
On Goverment capital at charge.	3,00,70	3,46,82	3,66,41	3,90,87	4,18,70	4,30,95	4,60,36	4,70,03
On capital contributed by the Company.	27,38	5,14	..	..	..	..	..	..
Total interest ..	3,28,08	3,51,96	3,66,41	3,90,87	4,18,70	4,30,95	4,60,36	4,70,03
Miscellaneous charges ..	37	12	1,50	90	60	88	73	50
Total ..	12,74,29	14,15,86	14,00,58	13,69,02	14,23,20	14,51,55	15,00,29	14,84,03
Balance net profit or loss (—) for the year.	2,42,80	50,05	75,28	1,43,60	1,08,57	8,78	—1,67,45	—45,06
Percentage of net profit on capital at charge.	2·3	0·4	0·7	1·3	0·9	0·1	—1·4	—0·4
Percentage of net profit (before deducting interest) capital at charge.	5·6	3·7	4·0	4·7	4·7	3·8	2·5	3·6
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	62·1	71·8	70·2	64·8	65·6	69·9	78·4	71·1
Capital Expenditure—								
Open line Works ..	44,27	2,15,18	2,85,39	4,06,96	3,94,39	3,54,00	2,15,00	1,13,95
New Constructions ..	43,32	3,32	11,16	16,70	17,65	11,85	12,00	3,70
Depreciation Fund ..	92,39	1,08,18	1,02,09	2,73,46	2,04,12	1,06,56	75,00	1,03,75

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved *in the purchase of* Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

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JODHPUR

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open Mileage at end of the year.	1,24	1,24	1,24	1,24	1,74	1,74	1,74	1,74
Passenger traffic earnings—								
Upper class	1,51	1,56	1,51	1,37	1,41	1,31	1,25	1,50
Third class	10,90	11,61	10,04	9,04	10,14	9,18	8,95	9,00
TOTAL PASSENGER EARNINGS.	12,41	13,17	11,55	10,41	11,55	10,49	10,20	10,50
Other coaching traffic earnings.	1,62	1,60	1,58	1,53	1,56	1,45	1,15	1,50
Goods traffic earnings ..	18,74	30	11,83	12,14	15,18	12,43	12,80	13,00
Sundry earnings ..	17	17	21	26	26	17	20	40
Suspense	91	2,50	16	3,65	—3,80	1,41	..	..
TOTAL GROSS RECEIPTS ..	33,85	17,74	25,33	27,99	24,75	25,95	24,35	25,40
Deduct— Refunds of revenue collected.	..	..	11	6	11	8	10	10
Deduct— Earnings of worked lines.	4,44	4,88	4,61	3,28	3,71	1,31	1,25	1,30
Interest on Depreciation Fund.	—4	—12	—17	—30	—40	—41	—41	—30
Total ..	29,37	12,74	20,44	24,35	20,53	24,15	22,59	23,70

RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	54,17	58,09	63,67	69,74	82,84	83,71	84,21	86,01
Working expenses—								
Administration ..	2,51	3,32	3,41	3,36	3,74	3,57	3,80	3,75
Repairs and maintenance ..	5,68	5,75	5,10	6,00	5,47	6,56	5,60	5,35
Operation—								
Other than Fuel ..	6,69	7,21	5,98	5,40	6,22	5,88	6,35	6,25
Fuel	4,37	2,97	2,34	2,26	2,35	1,87	2,00	2,00
Depreciation	1,03	1,16	1,38	1,60	1,98	2,00	2,95	3,00
Suspense	—7	—88	77	—50	66	—40	..	..
Total ..	20,21	19,53	18,98	18,42	20,42	19,48	20,70	20,35
Deduct—Share of worked lines	1,78	1,99	1,62	1,29	1,48	44	50	50
Net working expenses ..	18,43	17,54	17,36	17,13	18,94	19,04	20,20	19,85
Interest—								
On Government capital at charge.	1,94	2,13	2,37	2,67	3,27	3,54	3,71	3,79
Miscellaneous charges ..	..	..	6	25	21	3	1	1
Total ..	20,37	19,67	19,79	20,05	22,42	22,61	23,92	23,65
Balance net profit or loss (—) for the year.	9,00	—6,93	65	4,30	—1,89	1,54	—1,33	5
Percentage of net profit on capital at charge.	16·6	—11·9	1·0	6·2	—2·3	1·8	1·6	0·1
Percentage of net profit (before deducting interest on capital at charge).	20·2	—8·2	4·7	10·0	1·7	6·1	2·8	4·5
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts.	62·6	73·3	84·3	69·5	90·5	77·1	87·8	82·7
Capital Expenditure—								
Open Line Works ..	2,62	3,92	5,59	6,07	1,61	88	50	1,80
New Constructions ..	..	..	..	..	..	..	..	..
Depreciation Fund ..	2,77	3,00	3,43	6,45	1,29	49	75	1,40

MADRAS AND SOUTHERN

Statement of Receipts

RECEEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	2,883	2,883	2,883	2,905	2,963	3,070	3,070	3,070
Passenger traffic earnings—								
Upper class	27,60	28,04	28,18	29,88	29,85	30,77	28,00	30,00
Third class	2,37,82	2,41,31	2,45,49	2,49,58	2,47,68	2,60,25	2,44,00	2,55,00
TOTAL PASSENGER EARNINGS	2,65,42	2,69,35	2,73,67	2,79,46	2,77,53	2,91,02	2,72,00	2,85,00
Other coaching traffic earnings.	49,92	51,70	54,47	56,17	55,27	54,56	49,00	53,00
Goods traffic earnings ..	3,82,97	5,03,04	5,01,53	5,49,97	6,03,86	5,71,68	4,80,00	5,06,00
Sundry earnings	8,91	14,78	13,75	16,30	15,68	22,15	8,60	11,70
Suspense	5,21	27	1,20	—6,12	2,19	2,92	..	..
TOTAL GROSS RECEIPTS ..	8,13,43	8,39,14	8,44,62	8,95,78	9,54,53	9,32,33	8,09,60	8,55,70
Deduct— Refunds of revenue collected.	..	..	1,54	97	97	94	1.00	90
Deduct— Earnings of worked lines.	29,13	31,17	34,59	37,45	40,00	40,25	35,00	36,20
Total ..	7 84,30	8,07,97	8,08,49	8,57,36	9,13,56	8,91,14	7,73,60	8,18,60
ENGLAND.								
Receipts in England ..	6,57	6,37	3,75	5,40	6,40	6,40	6,40	6,40
Interest on Depreciation Fund.	4	—18	6	—27	—62	—28	14	1,26
TOTAL ..	7,90,91	8,14,16	8,12,30	8,63,49	9,19,34	8,97,26	7,80,14	8,26,26

MAHRATTA RAILWAY.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	49,99,18	51,26,96	52,81,15	55,30,58	54,75,45	56,47,17	57,29,67	58,01,12
Working Expenses—								
Administration ..	87,06	90,66	94,84	93,61	95,20	99,08	1,03,00	1,00,20
Repairs and maintenance	1,16,21	1,23,13	1,36,25	1,40,64	1,38,58	1,20,16	1,40,50	1,25,00
Operation—								
Other than Fuel ..	90,29	1,06,35	1,14,25	1,13,96	1,12,68	1,10,69	1,00,00	98,00
Fuel	85,28	81,89	69,60	67,16	71,99	79,00	71,50	74,00
Depreciation	71,08	74,02	82,06	81,12	87,07	90,05	87,55	88,80
Suspense	7	3,60	—1,40	—45	25	7,57	..	..
Total ..	4,49,99	4,79,65	4,95,60	4,96,04	5,05,77	5,06,55	5,02,55	4,86,00
Deduct —Share of worked lines.	15,44	18,80	18,79	20,72	20,17	21,69	21,00	21,50
Net working expenses ..	4,34,55	4,60,85	4,76,81	4,75,32	4,85,60	4,84,86	4,81,55	4,64,50
Company's share of surplus profits.	60,86	77,66	76,10	76,27	73,22	96,94	78,10	47,25
Interest—								
On Government capital at charge.	1,34,99	1,41,02	1,50,04	1,64,09	1,78,93	1,82,56	1,97,25	2,01,82
On capital contributed by the Company.	51,85	49,94	45,86	44,48	44,51	44,41	44,96	44,41
Total Interest ..	1,86,84	1,90,96	1,95,90	2,08,57	2,23,44	2,26,97	2,42,21	2,46,23
Miscellaneous charges ..	1,69	51	42	—21	26	36	2	2
Total ..	6,83,94	7,29,98	7,49,23	7,59,95	7,82,52	8,09,13	8,01,88	7,58,00
Balance net profit or loss(—) for the year.	1,06,97	84,18	63,07	1,03,54	1,36,82	88,13	—21,74	68,26
Percentage of net profit on Capital at charge.	2·1	1·6	1·2	1·9	2·5	1·6	—0·3	1·2
Percentage of net profit (before deducting interest) on capital at charge.	5·8	5·3	4·9	5·5	6·6	5·6	3·8	5·4
Operating ratio (*i.e.*, ratio of working expenses including depreciation to Gross Traffic Receipts).	54·9	56·6	58·7	55·0	52·8	54·0	61·7	56·3
Capital Expenditure—								
Open Line Works ..	63,87	1,25,64	1,02,88	1,77,61	1,07,75	1,52,46	79,00	71,45
New Construction ..	..	2,16	51,31	71,83	55,57	29,39	3,50	..
Depreciation Fund ..	69,43	85,35	59,53	1,20,98	63,77	95,01	65,00	72,25

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

NORTH WESTERN RAILWAY

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	4,403	4,474	4,803	4,946	5,199	6,074	6,118	6,244
Passenger traffic earnings—								
Upper class	91,19	99,31	93,46	87,53	80,80	74,50	74,00	80,00
Third class	4,83,05	5,24,76	4,98,55	4,99,35	4,82,29	4,76,76	4,53,00	4,85,00
TOTAL PASSENGER EARNINGS	5,74,24	6,24,07	5,92,01	5,86,88	5,63,09	5,51,26	5,27,00	5,65,00
Other coaching traffic ..	82,61	88,95	1,01,88	1,02,46	1,01,40	92,73	83,00	1,00,00
Goods traffic earnings ..	10,71,58	8,89,03	9,20,26	9,79,89	9,51,77	9,44,94	9,36,00	9,76,00
Sundry earnings	16,50	19,99	24,47	37,27	39,44	32,45	22,00	27,10
Suspense	—8,36	3,82	—11,95	5,51	—2,04	—2,26	..	..
TOTAL GROSS RECEIPTS..	17,36,57	16,25,86	16,26,67	17,12,01	16,53,66	16,19,12	15,68,00	16,68,10
Deduct— Refunds of revenue collected.	..	..	11,09	2,48	2,63	1,41	2,00	2,10
Deduct— Earnings of worked lines.	2,23,80	2,55,26	2,11,99	2,21,05	2,28,24	1,78,50	66,00	66,00
Total ..	15,12,77	13,70,60	14,03,59	14,88,48	14,22,79	14,39,21	15,00,00	16,00,00
Government share of surplus profits from worked lines.	27,35	31,62	26,37	26,46	27,30	46,56	3,99	1,47
Guarantee recoverable from local Government for unremunerative lines.	..	..	..	..	..	..	4,20	4,20
Interest on Depreciation Fund.	1,72	4,17	4,45	5,31	7,71	12,24	20,95	27,43
TOTAL ..	15,41,84	14,06,39	14,34,41	15,20,25	14,57,80	14,98,01	15,29,14	16,33,10

(COMMERCIAL LINES).

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	85,77,92	84,89,04	94,04,50	1,00,68,84	1,03,43,31	1,13,07,99	1,14,52,49	1,15,84,14
Working Expenses—								
Administration ..	1,58,88	1,76,89	1,85,91	1,97,22	2,00,60	2,07,24	2,13,50	2,10,25
Repairs and maintenance	2,85,26	2,14,98	2,67,11	2,72,18	2,70,17	3,04,81	2,88,90	2,35,00
Operation—								
Other than Fuel ..	2,20,66	2,60,61	2,54,98	2,55,85	2,74,26	2,60,47	2,45,00	2,40,00
Fuel	1,98,56	1,86,83	1,71,30	1,80,31	1,74,62	1,63,86	1,57,25	1,62,00
Depreciation	1,71,78	1,87,91	1,75,39	1,91,35	2,06,81	2,17,32	2,25,95	2,29,45
Suspense	5,77	—9,65	3,59	5,29	—7,38	2,00	..	..
	10,40,91	10,17,57	10,58,28	11,02,20	11,19,08	11,55,70	11,30,60	10,76,70
Deduct—Share of worked lines.	1,15,06	1,29,19	1,08,90	1,12,35	1,17,80	91,92	34,50	35,00
Net working expenses ..	9,25,85	8,88,38	9,49,38	9,89,85	10,01,28	10,63,78	10,96,10	10,41,70
Interest—								
On Government capital at charge.	2,99,97	3,20,04	3,33,30	3,75,32	4,12,77	4,39,34	4,84,56	4,93,62
Miscellaneous charges ..	64	1,26	3,15	80	2,24	1,51	2,74	1,53
Total ..	12,26,46	12,09,68	12,85,83	13,65,97	14,16,29	15,04,63	15,83,40	15,36,85
Balance net profit or loss (—) for the year.	3,15,38	1,96,71	1,48,58	1,54,28	41,51	—6,62	—54,26	96,25
Percentage of net profit on capital at charge.	3·7	2·3	1·6	1·5	0·4	—0·1	—0·4	0·8
Percentage of net profit on net receipts (before deducting interest) on capital at charge.	7·2	6·1	5·1	5·2	4·4	3·8	3·8	5·1
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	61·2	64·8	67·7	66·5	70·4	73·9	73·1	65·1
Capital Expenditure—								
Open Line Works ..	50,45	1,72,11	3,76,98	4,07,54	2,22,92	1,73,35	1,10,00	88,75
New Constructions ..	..	11,59	1,26,04	2,56,78	1,77,56	86,78	34,50	42,90
Depreciation Fund ..	99,54	1,47,14	1,64,03	1,67,11	1,41,48	1,24,47	1,25,00	1,09,00

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

ROHILKUND AND KUMAON RAILWAY

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	3,13	3,12	3,12	3,12	3 12	3,12	3,12	3,12
Passenger traffic earnings—								
Upper Class	2,50	2,55	2,60	2,41	2,46	2,28	2,50	2,55
Third Class	24,11	24,94	24,27	25,84	22,88	21,97	21,00	21,70
TOTAL PASSENGER EARNINGS	26,61	27,49	26,87	28,25	25,34	24,25	23,50	24,25
Other coaching traffic earnings.	3,26	3,31	3,12	3,73	3,47	3,30	3,75	3,40
Goods traffic earnings ..	32,84	34,21	33,45	35,89	35,36	35,00	33,75	34,20
Sundry earnings	2,70	1,61	1,33	2,41	2,54	2,62	3,00	3,15
Suspense	59	16	—67	1	23	5	..	..
TOTAL GROSS RECEIPTS ..	66,00	66,78	64,10	70,29	66,94	65,22	64,00	65,00
Deduct—								
Refunds of revenue collected	..	..	12	27	48	10	25	25
Earnings of worked lines..	30,00	29,83	28,47	29,82	30,67	28,98	28,75	28,75
Total ..	36,00	36,95	35,51	40,20	35,79	36,14	35,00	36,00
Sale of Land	2	..	..	2	..	..	..	..
Government share of surplus profits from worked lines.	90	1,21	1,39	1,31	1,47	1,48	94	86
Interest on Depreciation Fund	2	6	12	19	24	33	71	1,04
Total ..	36,94	38,22	37,02	41,72	37,50	37,95	36,65	37,90

NOW-BAREILLY SECTION).

and Expenditure.

(Figures in thousands of rupees.

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate. 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	1,58,38	1,56.44	1,55,68	1,55,13	1,55,89	1,54,89	1,56,34	1,61,54
Working Expenses—								
Administration ...	8,32	8,11	8,21	8,51	8.35	8,28	8,50	8,77
Repairs and maintenance.	8,71	10,07	10,83	10,65	9.94	10,24	11,20	11,60
Operation—								
Other than Fuel ..	6,41	6,23	5,84	4,93	5.84	6,51	6,50	6,60
Fuel	4,94	4,53	4,94	4,88	4.40	4,57	4,50	4,85
Depreciation ..	4,53	4,62	4,57	4.45	4,53	4,59	4,56	4,40
Suspense	—81	—38	1,13	59	35	1,13	..	..
Total ..	32,10	33,18	35,52	34,01	33,41	35,32	35,26	36,22
Deduct—Share of worked lines.	15,01	15,02	14,09	14,72	14,99	14,76	14,00	15,50
Net working expenses	17.09	18,16	21,43	19,29	18,42	20,56	21,26	20,72
Company's share of surplus profits.	1,24	98	130	156	173	102	135	130
Interest.								
On Government capital at charge.	6,19	6,11	5,95	5,90	5.99	5,87	6,02	6,23
On capital contributed by the Company.	(a) 2,74	(a) 2,84	(a) 3,06	(a) 3,16	(a) 3,23	(a) 3,36	(a) 3,40	(a) 3,40
Total interest ..	8,93	8,95	9,01	9,06	9,22	9,23	9,42	9,63
Miscellaneous charges ..	6	5	15	22	5	14	6	7
Total ..	27,32	28,14	31,89	30,13	29,42	30,95	32,09	31,72
Balance net profit or loss(—) for the year.	9,62	10,08	5.13	11,59	8,08	7,00	4,56	6,18
Percentage of net profit on capital at charge.	6·1	6·4	3·3	7·5	5·2	4·5	2·9	3·8
Percentage of net profit (before deducting interest) on capital at charge.	11·7	12·1	9·1	13·3	11·1	10·5	8·9	9·8
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts).	47·4	49·2	60·3	48·0	51·5	56·9	60·7	57·6
Capital Expenditure—								
Open Line Works ..	—2,47	—1,93	—76	—54	75	—99	1,45	5,20
New Constructions ..	..	..	..	..	..	..	..	..
Depreciation Fund ..	3,68	3,83	1,19	4.38	2,93	3,58	3,25	3,20

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(a) Represents interest on the State share of Joint Debenture Stock.

SOUTH INDIAN

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	1,495	1,495	1,531	1,685	1,915	2,197	2,257	2,373
Passenger traffic earnings :—								
Upper class	21,39	21,37	22,22	21,92	21,62	22,33	19,50	22,00
Third class	2,40,75	2,48,02	2,42,81	2,56,87	2,53,58	2,79,36	2,78,00	2,87,00
TOTAL PASSENGER EARNINGS.	2,62,14	2,69,39	2,65,03	2,78,79	2,75,20	3,01,69	2,97,50	3,09,00
Other coaching traffic earnings.	26,77	29,08	30,38	32,94	31,80	32,55	28,60	30,00
Goods traffic earnings ..	2,46,35	2,63,58	2,71,78	2,88,63	2,89,75	3,02,34	2,96,00	3,15,00
Sundry earnings	18,43	22,93	24,16	29,00	31,66	32,03	19,40	21,75
Suspense	—2,00	— 26	1,37	—36	—3,42	3,61	..	..
Total Gross Receipts ..	5,51,69	5,84,72	5,92,72	6,29,00	6,24,99	6,72,22	6,40,50	6,75,75
Deduct.— Refunds of revenue collected.	..	..	78	80	96	1,11	1,25	1,25
Deduct.— Earnings of worked lines.	36,91	40,60	43,02	48,07	60,79	38,37	39,25	39,50
Total ..	5,14,78	5,44,12	5,48,92	5,80,13	5,63,24	6,32,74	6,00,00	6,35,00
Sale of land	..	..	25	6	2	..	15	..
Guarantee recoverable from local Governments for unremunerative lines.	..	..	..	..	1,39	2,39	2,90	2,90
Repayment of advances of interest in respect of Travancore Durbar.	..	..	..	..	8	19	..	13
Interest on Depreciation Fund.	70	1,30	1,27	73	7	—49	—89	42
Total ..	5,15,44	5,45,42	5,50,44	5,80,92	5,64,80	6,34,83	6,02,16	6,38,45

RAILWAY.
and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	5,86,59	28,00,42	30,71,61	33,96,76	35,87,53	38,55,12	40,06,12	41,06,62
Working Expenses—								
Administration ..	60,18	62,24	63,72	67,25	99,53	80,45	81,00	79,00
Repairs and maintenance	88,50	85,61	83,56	82,44	63,47	67,05	68,00	67,80
Operation—								
Other than Fuel ..	73,87	80,82	82,63	85,43	88,55	94,83	1,00,00	98,00
Fuel	65,95	64,16	51,17	51,81	48,07	60,02	60,00	65,00
Depreciation	46,56	47,26	49,71	53,47	59,52	65,30	69,62	73,45
Suspense	88	—3	—99	2,13	—1,30	—1,43	..	..
Total ..	3,35,94	3,40,06	3,29,80	3,42,53	3,57,84	3,66,22	3,78,62	3,83,25
Deduct—Share of worked lines	23,94	24,50	25,11	29,27	34,64	22,10	23,50	23,50
Net working expenses ..	3,12,00	3,15,56	3,04,69	3,13,26	3,23,20	3,44,12	3,55,12	3,59,75
Company's share of surplus profits, etc.	9,60	10,69	8,67	10,54	6,27	10,34	14,80	9,80
Interest—								
On Government capital at charge.	74,57	84,26	96,71	1,12,23	1,32,88	1,39,57	1,56,78	1,64,55
On capital contributed by the Company.	21,97	20,50	19,19	19,46	19,73	19,66	19,90	19,66
Total Interest ..	96,54	1,04,76	1,15,90	1,31,69	1,52,61	1,59,23	1,76,68	1,84,21
Miscellaneous charges ..	23	21	1,67	26	—5,44	1,28	33	8
Total ..	4,18,37	4,31,22	4,30,93	4,55,75	4,76,64	5,14,97	5,46,93	5,53,84
Balance net Profit or loss (—) for the year.	97,11	1,14,20	1,19,51	1,25,17	88,16	1,19,86	55,23	84,61
Percentage of net profit on capital at charge.	3·7	4·1	3·9	3·7	2·5	3·1	1·4	2·1
Percentage of net profit (before deducting interest) on capital at charge.	7·5	7·8	7·7	7·6	6·7	7·2	5·8	6·5
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts).	60·6	57·9	55·5	54·0	57·4	54·4	59·2	56·7
Capital Expenditure—								
Open Line Works ..	43,02	93,81	1,21,28	1,43,47	1,25,20	1,09,88	1,09,00	57,40
New Constructions ..	16,04	1,20,03	1,49,91	1,81,69	1,55,75	88,40	42,00	43,10
Depreciation Fund ..	17,13	48,22	38,83	93,15	55,30	94,73	50,00	47,00

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

ALL RAILWAYS—

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open Mileage at end of the year.	25,671	25,710	26,227	26,609	27,588	29,359	29,663	30,246
Passenger traffic earnings—								
Upper class	4,33,90	4,40,03	4,38,43	4,47,80	4,35,62	4,20,51	3,79,00	4,08,00
Third class	31,03,88	31,58,95	30,40,74	31,25,55	30,36,38	30,98,12	28,85,00	30,32,00
TOTAL PASSENGER EARNINGS	35,37,78	35,98,98	34,79,17	35,73,35	34,72,00	35,18,63	32,64,00	34,40,00
Other coaching traffic earnings.	5,78,07	5,93,99	6,06,96	6,17,17	6,03,19	5,68,69	5,21,00	5,73,00
Goods traffic earnings ..	62,80,73	60,75,19	61,48,94	65,34,09	66,89,01	64,37,06	59,50,00	62,88,00
Sundry earnings	1,62,76	1,73,88	1,71,43	1,98,78	2,08,90	2,18,74	1,59,00	1,85,00
Suspense	28,15	36	—5,80	—9,36	—25,02	30,17	..	..
TOTAL GROSS RECEIPTS ..	1,05,87,49	1,04,42,40	1,04,00,70	1,09,14,03	1,09,48,08	1,07,73,29	98,94,00	1,04,86,00
Deduct—								
Refunds of revenue collected.	..	..	*35,03	13,55	15,33	14,52	15,00	15,00
Earnings of worked lines	7,33,86	7,12,23	6,76,85	7,18,06	7,26,71	6,47,30	5,19,00	5,21,00
TOTAL ..	98,53,63	97,30,17	96,88,82	1,01,82,42	1,02,06,04	1,01,11,47	93,60,00	99,50,00
MISCELLANEOUS RECEIPTS	51,12	88,43	1,06,98	1,23,63	1,54,54	2,04,74	1,72,53	1,51,79
TOTAL ..	99,04,75	98,18,60	97,95,80	1,03,06,05	1,03,60,58	1,03,16,21	95,32,53	1,01,01,79

* Includes remissions of earnings also.

COMMERCIAL LINES.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate. 1930-31.	Budget Estimate. 1931-32
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at the end of the year.	6,28,11,39	6,43,55,01	6,69,35,17	7,01,02,32	7,06,01,35	7,36,59,38	7,50,84,38	7,62,12,38
Working Expenses—								
Administration ..	12,02,96	12,45,12	12,74,26	13,11,43	13,85,44	14,02,99	14,30,00	14,00,00
Repairs and maintenance	17,50,24	16,78,59	17,64,54	17,52,30	17,57,26	17,78,64	15,95,00	15,22,00
Operation :—								
Other than Fuel ..	14,35,91	16,04,61	15,85,69	15,73,39	16,55,61	16,73,54	16,65,00	16,38,00
Fuel	10,28,13	9,92,58	8,51,85	8,58,86	8,59,81	8,65,65	8,25,00	8,50,00
Depreciation	9,94,81	10,31,70	10,53,14	11,00,86	11,60,46	12,17,95	12,63,00	13,00,00
Suspense	—37,64	—9,74	—5,66	2,98	—32,44	—15	..	..
TOTAL ..	63,74,41	65,42,86	65,23,82	65,99,82	67,86,14	69,38,62	67,78,00	67,10,00
Deduct—share of worked lines.	3,70,45	3,56,80	3,32,52	3,51,04	3,63,35	3,29,52	2,65,00	2,70,00
Net working expenses	60,03,96	61,86,06	61,91,30	62,48,78	64,22,79	66,09,10	65,13,00	64,40,00
Company's share of surplus profits, etc.	1,42,28	1,77,42	1,65,56	1,57,14	1,59,14	1,51,98	1,15,00	75,00
Interest :—								
on Government capital at charge.	20,00,21	21,83,18	22,98,45	24,41,19	26,40,72	27,69,02	29,91,70	30,72,76
on capital contributed by the Company.	2,67,16	1,66,99	1,56,90	1,51,87	1,50,42	1,36,94	1,37,54	1,35,92
Total Interest ..	22,67,37	23,50,17	24,55,35	25,93,06	27,91,14	29,05,96	31,29,24	32,08,68
Miscellaneous charges ..	16,19	30,33	70,51	53,44	34,57	58,01	68,75	60,40
TOTAL ..	84,29,80	87,43,98	88,82,72	90,52,42	94,07,64	97,25,05	98,25,99	97,84,08
Balance, profit or loss (—) for the year	14,74,95	10,74,62	9,13,08	12,53,63	9,52,94	5,91,16	—2,93,46	3,17,71
Total ..	99,04,75	98,18,60	97,95,80	1,03,06,05	1,03,60,58	1,03,16,21	95,32,53	1,01,01,79
Percentage of net profit on Capital at charge.	2·3	1·7	1·4	1·8	1·3	0·8	—0·4	0·4
Percentage of net profit (before deducting interest on capital at charge.	6·0	5·3	5·0	5·5	5·3	4·7	3·8	4·6
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts).	61·0	63·6	63·9	61·4	62·9	65·4	69·6	64·7
Capital Expenditure—								
Open Line Works ..	9,85,03	14,95,33	15,79,49	21,56,93	15,57,32	16,30,23	10,49,00	8,13,00
New Constructions ..	2,77,60	3,93,14	6,59,20	9,91,07	8,79,72	6,50,37	3,75,00	2,89,00
Depreciation Fund ..	7,02,68	7,83,32	7,75,31	10,65,45	9,30,37	11,59,21	8,79,60	8,07,00
Purchase of Railways and branch lines shares, etc.	19,22	—9	4,33,46	4,16	4,29,54	7,09,30	1,00	26,00

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of year	1,653	1,720	1,777	1,817	1,863	1,859	1,859	1,859
Passenger traffic earnings :—								
Upper class	7,67	8,16	7,52	7,32	8,88	5,94	5,00	7,00
Third class	54,64	58,36	50,63	54,99	53,47	50,48	45,00	46,00
TOTAL PASSENGER EARNINGS.	62,31	66,52	58,15	62,31	62,35	56,42	50,00	53,00
Other coaching traffic earnings.	12,75	13,21	15,67	15,25	14,20	12,74	10,10	13,00
Goods traffic earnings ..	83,27	82,48	78,16	81,20	88,44	88,07	78,00	82,30
Sundry earnings	1,54	1,86	1,45	1,79	1,81	1,72	2,00	1,80
Suspense	..	..	2	..	..	..	..	..
TOTAL GROSS RECEIPTS ..	1,59,87	1,64,07	1,53,45	1,60,55	1,66,80	1,58,95	1,40,10	1,50,10
Deduct—Refunds of Revenue collected.	..	..	..	15	15	14	10	10
Total ..	1,59,87	1,64,07	1,53,45	1,60,40	1,66,65	1,58,81	1,40,00	1,50,00
Interest on Depreciation Fund balance.	33	1,08	1,40	1,62	2,07	3,09	5,19	6,56
Total ..	1,60,20	1,65,15	1,54,85	1,62,02	1,68,72	1,61,90	1,45,19	1,56,56

LINES.

and Expenditure.

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimates, 1930-31.	Budget Estimates, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	26,86,77	31,03,71	31,60,50	32,41,77	33,10,29	33,38,72	33,63,72	33,80,72
Working Expenses—								
Administration ..	29,74	31,97	31,74	32,82	34,49	35,14	37,00	35,00
Repairs and maintenance	59,79	39,21	51,10	53,00	53,55	62,50	68,00	58,00
Operation—								
Other than Fuel ..	35,96	39,13	40,87	42,77	43,89	42,27	45,00	42,00
Fuel	30,09	34,65	27,55	29,38	27,40	27,45	25,00	25,00
Depreciation	40,19	35,18	35,44	36,69	39,28	41,03	42,00	43,00
Suspense	..	..	1	..	..	44	..	..
Total Working Expenses	1,95,77	1,80,14	1,86,71	1,94,66	1,98,61	2,08,83	2,17,00	2,03,00
Interest on Government capital at charge.	1,22,77	1,30,94	1,31,35	1,34,03	1,41,81	1,40,09	1,46,75	1,48,52
Miscellaneous charges ..	12	34	21	2,05	30	50	40	40
Total ..	3,18,66	3,11,42	3,18,27	3,30,74	3,40,72	3,49,42	3,64,15	3,51,92
Balance loss for the year ..	1,58,46	1,46,27	1,63,42	1,68,72	1,72,00	1,87,52	2,18,96	1,95,36
Total ..	1,60,20	1,65,15	1,54,85	1,62,02	1,68,72	1,61,90	1,45,19	1,56,56
Capita lExpenditure— Open Line Works ..	21,92	36,12	33,37	61,11	20,21	13,67	24,50	15,86
New Constructions ..	42,21	..	17,27	35,15	48,29	14,77	50	1,14
Depreciation Fund ..	26,33	15,07	29,34	29,67	29,47	16,97	20,40	18,00

ALL RAIL

Statement of Receipts

RECEIPTS.	Actuals.						Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	27,324	27,430	28,004	28,426	29,451	31,218	31,522	32,105
Passenger traffic earnings—								
Upper class	4,41,57	4,48,19	4,45,95	4,55,12	4,44,50	4,26,45	3,84,00	4,15,00
3rd class	31,58,52	32,17,31	30,91,37	31,80,54	30,89,85	31,48,60	29,30,00	30,78,00
TOTAL PASSENGER EARNINGS.	36,00,09	36,65,50	35,37,32	36,35,66	35,34,35	35,75,05	33,14,00	34,93,00
Other coaching traffic earnings.	5,90,82	6,07,20	6,22,63	6,32,42	6,17,39	5,81,43	5,31,10	5,86,00
Goods traffic earnings ..	63,64,00	61,57,67	62,27,10	66,15,29	67,77,45	65,25,13	60,28,00	63,70,30
Sundry earnings	1,64,30	1,75,74	1,72,88	2,00,57	2,10,71	2,20,46	1,61,00	1,86,80
Suspense	28,15	36	—5,78	—2,36	—25,02	30,17	..	..
TOTAL GROSS RECEIPTS	1,07,47,36	1,06,06,47	1,05,54,15	1,10,74,58	1,11,14,88	1,02,32,24	1,00,34,10	1,06,36,10
Deduct— Refunds of revenue collected.	..	..	*35,03	13,70	15,48	14,66	15,10	15,10
Deduct— Earnings of worked lines.	7,33,86	7,12,23	6,76,85	7,18,06	7,26,71	6,47,30	5,19,00	5,21,00
TOTAL ..	1,00,13,50	98,94,24	98,42,27	1,03,42,82	1,03,72,69	1,02,70,28	95,00,00	1,01,00,00
Miscellaneous receipts ..	51,45	89,51	1,08,38	1,25,25	1,56,61	2,07,83	1,77,72	1,58,35
TOTAL ..	1,00,64,95	99,83,75	99,50,65	1,04,68,07	1,05,29,30	1,04,78,11	96,77,72	1,02,58,35

* Includes remissions of earnings also.

WAYS.

and Expenditure. *(Commercial and strategic lines together).*

(Figures in thousands of rupees.)

EXPENDITURE.	Actuals.						Revised Estimate 1930-31.	Budget Estimate 1931-32.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Capital at charge at end of the year.	6,54,98,16	6,74,58,72	7,00,95,67	7,33,44,09	7,39,11,64	7,69,98,10	7,84,48,10	7,95,93,10
Working Expenses—								
Administration ..	12,32,70	12,77,09	13,06,00	13,44,25	14,19,93	14,38,13	14,67,00	14,35 00
Repairs and maintenance	18,10,03	17,77,80	18,15,64	18,05,30	18,10,81	18,41,14	16,63,00	15,80,00
OPERATION—								
Other than Fuel ...	14,71,87	16,43,74	16,26,56	16,16,16	16,99,50	17,15,81	17,10,00	16,80,00
Fuel	10,58,22	10,27,23	8,79,40	8,88,24	8,87,21	8,93,10	8,50,00	8,75,00
Depreciation	10,35,00	10,66,88	10,88,58	11,37,55	11,99,74	12,58,98	13,05,00	13,43,00
Suspense	—37,64	—9,74	—5,65	2,98	—32,44	29	..	..
Total ..	65,70,18	67,23,00	67,23,00	67,94,48	69,84,75	71,47,45	69,95,00	69,13,00
Deduct—Share of worked lines.	3,70,45	3,56,80	3,56,80	3,51,04	3,63,35	3,29,52	2,65,00	2,70,00
Net working expenses ..	61,99,73	63,66,20	63,78,01	64,43,44	66,21,40	68,17,93	67,30,00	66,43,00
Company's share of surplus profits.	1,42,28	1,77,42	1,65,56	1,57,14	1,59,14	1,51,98	1,15,00	75,00
Interest—								
On Government capital at charge.	21,22,98	23,14,12	24,29,80	25,75,22	27,82,53	29,09,11	31,38,45	32,21,28
On capital contributed by Companies.	2,67,16	1,66,99	1,56,90	1,51,87	1,50,42	1,36,94	1,37,54	1,35,92
Total Interest ..	23,90,14	24,81,11	25,86,70	27,27,09	29,32,95	30,46,05	32,75,99	33,57,20
Miscellaneous charges ..	16,31	30,67	70,72	55,49	34,87	58,51	69,15	60,80
TOTAL ..	87,48,46	90,55,40	92,00,99	93,83,16	97,48,36	1,00,74,47	1,01,90,14	1,01,36,00
Balance net profit or loss(—) for the year.	13,16,49	9,28,35	7,49,66	10,84,91	7,80,94	4,03,64	—5,12,42	1,22,35
Percentage of net profit on Capital at charge.	2·0	1·4	1·1	1·5	1·1	0·5	—0·7	0·2
Percentage of net profit before deducting interest on capital at charge.	5·6	5·0	4·7	5·2	5·0	4·5	3·5	4·4
Operating ratio (*i.e.*, ratio of Working Expenses including depreciation to Gross Traffic Receipts).	61·9	64·3	64·8	62·3	63·8	66·4	70·8	65·8
Capital Expenditure—								
Open Line Works ..	10,06,95	15,31,45	16,12,86	22,18,04	15,77,53	16,43,90	10,73,50	8,28,86
New Constructions ..	3,19,81	3,93,14	6,76,47	10,26,22	9,28,01	6,65,14	3,75,50	2,90,14
Depreciation Fund ..	7,29,01	7,98,39	8,04,65	10,95,12	9,59,84	11,76,18	9,00,00	8,25,00
Purchase of Railways and branch lines shares, etc. ..	19,22	—9	4,33,46	4,16	4,29,54	7,09,30	1,00	26,00

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1*s.* 4*d.* to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1*s.* 6*d.* to the rupee.

Appendix D.

STATEMENT SHOWING THE FINANCIAL RESULTS OF STATE-OWNED RAILWAYS FROM 1910-11 ONWARDS.

Statement showing the financial results of State-owned

Particulars.	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	1919-20.
Open mileage at end of the year	M. (a) 24,544	M. (a) 24,902	M. (a) 25,204	M. 25,911	M. 26,174	M. 26,262	M. 26,401	M. 26,263	M. 26,416	M. 26,388
Capital at charge ..	4,82,27	4,92,77	5,06,05	5,22,69	5,38,22	5,43,50	5,44,43	5,45,85	5,49,79	5,61,92
Gross receipts ..	45,94	50,36	55,02	56,31	54,15	57,25	62,93	68,91	76,24	79,09
Working expenses ..	24,48	25,89	28,01	29,35	29,52	29,52	29,96	31,35	37,06	45,46
Net receipts	21,46	24,47	27,01	26,96	24,63	27,73	32,97	37,56	39,18	33,63
Percentage of Net receipts on Capital at charge	4·4	4·9	5·3	5·2	4·6	5·1	6·1	6·9	7·1	6·0
Operating ratio ..	53·3	51·4	50·9	52·1	54·5	51·6	47·6	45·5	48·6	57·5
Interest charges ..	17,70	18,04	18,70	19,24	20,18	20,58	20,50	21,16	21,11	21,77
Surplus profits ..	70	72	1,06	66	1,04	91	1,15	1,49	1,90	2,01
Other charges after deducting miscellaneous receipts	3	3	4	—13	17	13	10	4	31	50
Total charges ..	18,43	18,79	19,80	19,77	21,39	21,62	21,75	22,69	23,32	24,28
Net gain	3,03	5,68	7,21	7,19	3,24	6,11	11,22	14,87	15,86	9,35
Annuity payments (*b*)—										
Capital portion ..	1,18	1,22	1,26	1,30	1,35	1,40	1,44	1,49	1,54	1,60
Interest portion ..	3,86	3,82	3,78	3,77	3,69	3,64	3,60	3,55	3,50	3,44
Sinking Fund charges (*b*)	26	27	28	29	30	31	49	50	36	38
Expenditure on renewals and replacements included in the Working Expenses above ..	2,13	2,53	2,81	3,68	3,30	2,82	2,20	1,55	2,00	3,59
Appropriation to Depreciation Fund included in the working expenses above	..	..	..	..	..	..	..	..	..	..

(*a*) Figures of open mileage are to end of the calendar year.

(*b*) These payments are included in the Interest charges above.

NOTE.—Figures of capital at charge of 1910-11 to 1927-28 include sterling liabilities involved in the purchase of Railways

railways from 1910-11 onwards.

(Figures in lakhs of rupees.)

1920-21.	1921-22	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Revised Estimate, 1930-31.	Budget Estimate 1931-32
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
26,652	26,804	27,005	27,078	27,324	27,430	28,004	28,426	29,451	31,218	31,522	32,105
5,85,34	6,05,99	6,22,23	6,40,72	6,54,98	6,74,59	7,00,96	7,33,44	7,39,12	7,69,98	7,84,48	7,95,93
80,98	81,60	93,22	94,65	1,00,13	98,94	98,42	1,03,43	1,03,72	1,02,70	95,00	1,01,00
54,52	65,67	65,96	61,05	62,00	63,66	63,78	64,44	66,21	68,18	67,30	66,43
26,46	16,02	27,26	33,60	38,13	35,28	34,64	38,99	37,51	34,52	27,70	34,57
4·5	2·6	4·4	5·2	5·8	5·2	4·9	5·3	5·1	4·5	3·5	4·3
67·3	80·4	70·8	64·5	61·9	64·3	64·8	62·3	63·8	66·4	70·8	65·8
19,88	24,50	25,31	26,04	23,90	24,81	25,87	27,27	29,33	30,46	32,76	33,57
1,72	1,06	69	1,15	1,42	1,78	1,65	1,57	1,59	1,52	1,15	75
—79	—45	4	—3	—35	—59	—38	—70	—1,22	—1,50	—1,09	—97
20,81	25,11	26,04	27,16	24,97	26,00	27,14	28,14	29,70	30,48	32,82	33,35
5,65	—9,09	1,22	6,44	13,16	9,28	7,50	10,85	7,81	4,04	—5,12	1,22
1,28	1,72	1,80	1,78	..	..	..	..	..	..	..	..
2,62	3,36	3,34	3,12	..	..	..	..	..	..	..	..
31	43	47	48	..	..	..	..	..	..	..	..
5,30	7,63	8,59	7,13	..	..	..	..	..	..	..	..
..	..	..	..	10,35	10,67	10,89	11,37	12,00	12,59	13,05	13,43

converted at 1s 4d. to the rupee and those of 1928-29 to 1931-32 include sterling liabilities converted at 1s. 6d. to the rupee

APPENDIX E.

EXPENDITURE ON ACCOUNTS AND AUDIT.

I.—State-managed Railways.

Year.	Burma Railways.		Eastern Bengal Railway.		East Indian Railway.		Great Indian Peninsula Railway.		North Western Railway (Com. and Strgeo.).	
	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.
1924-25 ..	3,43	44	7,94	(Included in Accounts Portion).	17,46	63	13,55	52	16,62	(Included in Accounts portion).
1925-26 ..	4,11	43	8,49		18,32	4 84	14,10	21	18,31	
1926-27 ..	3,91	50	8,88		19,58	2,84	15,19	(Included in) Accounts portion)	18,69	
1927-28 ..	4,20	38	9,40		22,30	2,82	14,96		22 40	
1928-29 ..	4,12	42 13	10,46		22,37	3,36	16,00		21,78	
1929-30 ..	4,46	89	10,48		22,86	2,88	16,72	81	22,37	2,54
1930-31 (Budgte Estimate).	4,72	98	10,80	1,74	24,61	2,97	16,81	2,25	25 01	2,54
1931-32 ..	4,35	(a)	10,55	(a)	24,05	(a)	17,40	(a)	23,10	(a)

(a) Figures of Audit offices attached to these railways are not available.

II.—*Company-Managed Railways.*

Year.	Assam Bengal Railway.		B. & N. W. Railway.		Bengal Nagpur Railway.		B., B. & C. I. Railway.		M. & S. M. Railway.		Rohilkund and Kumaon Railway.		South Indian Railway.		Jodhpur Railway.		Total Company-managed Railways.	
	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.	Accounts.	Audit.
1924-25 ..	2,24	21	3,34	32	8,23	24	12,74	25	6,13	46	1,14	7	4,36	24	35 ..		38,53	1,79
1925-26 ..	2,42	23	3,46	27	8,60	60	13,24	35	6,63	46	1,23	9	4,84	18	44 ..		40,86	2,18
1926-27 ..	2,50	20	3,66	28	8,24	59	12,82	56	7,08	53	1,21	9	5,02	17	42 ..		40,94	2,42
1927-28 ..	2,42	25	4,01	32	8,50	58	12,87	46	6,76	54	1,26	8	5,91	23	48 ..		42,21	2,46
1928-29 ..	2,56	25	4,17	35	9,03	67	13,31	41	6,81	47	1,24	9	6,72	23	49 ..		44,33	2,47
1929-30 ..	2,40	29	4,30	37	8,83	56	14,14	66	6,77	63	1,22	10	7,29	32	45 ..		45,49	2,92
Rev. Estt. 1930-31	2,60	33	4,75	34	9,20	86	13,90	97	7,40	89	1,24	18	7,60	55	46 ..		47,15	4,12
Bud. Estt. 1931-32	2,65	(a)	4,40	(a)	8,80	(a)	13,75	(a)	7,40	(a)	1,30	(a)	7,10	(a)	45 ..		45,85	4,76

(a) Figures of offices of Government Examiners of Accounts attached to these Railways are not available.

APPENDIX F.

I.—Expenditure on New Constructions.

Name of Project.	Estimated cost as placed before the Standing Finance Committee.	Return expected.	Estimated cost as originally sanctioned by the Railway Board.	Date of Railway Board's sanction.	Latest estimate of expenditure.	Latest position of the project.	Net earnings for 1929-30.	Return on Capital.	Remarks.
1	2	3	4	5	6	7	8	9	10
					Rs.		Rs.		
Raipur-Parbatipur ..	5,26,00,000 (inclusive of Rolling Stock).	9¼%	5,26,00,000 (inclusive of Rolling Stock.)	16-4-25	4,89,67,000 (exclusive of Rolling Stock).	Districts Nos. 1—4 and certain sections in No. 3 opened for traffic. Last date of opening 31-3-31.	..	..	
Tumsar Road-Tirodi ..	30,77,110	About 10%	30,77,110	11-7-25	45,02,000	Opened for traffic on 15-2-30.	..	..	
Sibsagar Road-Khawang	26,91,862	5·86%	26,91,862	5-2-24	31,96,000	Opened for traffic on 10-11-27.	94,252	2·6%	
Furkating Badulipara-Jorhat.	27,36,832	7%	27,36,832	14-4-25	31,61,193	Opened for traffic on 1-8-28.	20,770	0·61%	
Karimganj Longai Valley	30,48,236	5·50%	30,48,236	14-1-26	32,24,154	Opened for traffic on 1-1-29.	—1,84,554	—15·46%	
Virudunagar Tankasi ..	72,95,707	..	73,01,196	10-3-27	70,45,997	Opened for traffic on 30-6-27.	1,80,374 for 1927-28.	3·52%	
Dindigul Pollachi	71,71,000	6·33%	71,71,000	28-4-25	87,82,000	Opened for traffic on 19-11-28.	7,05,822	9·01%	
Pyianmana Taungdwingyi	73,24,087	..	72,16,691	20-5-27	70,93,969	Opened for traffic on 10-3-25.	3,66,067 for 1927-28.	5·17%	
Moulmein Ye ..	75,86,554	..	75,86,554	1922	92,67,702	Opened for traffic on 16-4-25.	1,66,723 for 1927-28.	1·80%	
Alon-Segyi ..	12,85,170	..	12,85,170	11-5-22	14,43,920	Opened for traffic on 10-6-23.	2,04,614 for 1927-28.	7·23%	
Segyi-Ye-U ..	12,09,618	..	12,09,618	23-11-23	13,84,354	Opened for traffic on 1-7-26.			
Pegu-Kayan ..	34,52,449	..	34,52,449	16-1-24	54,29,020	Opened for traffic on 15-1-27.	2,48,292 for 1927-28.	4·55%	
Villupuram-Trichinopoly Chord Railway.	207½ lakhs ..	6¼%	2,07,46,094	19-6-25	2,05,28,000	Opened for traffic on 1-2-29.	9,47,926	4·89	
Calcutta-Chord Railway	179·90 lakhs ..	..	1,79,90,000	23-7-25	3,19,96,747	Expected to be opened in December 1931.	..	..	

Madura-Bodinayakanur Railway.	44,17,460	8·73%	44,17,460	28-12-25	55,30,000	Opened for traffic on 20-11-28.	2,94,686	5·51%	
Nidadavolu-Narasapur Railway.	54,44,098	6·61%	54,44,098	17-12-25	69,73,000	Opened for traffic on 3-2-29 and 17-9-28.	2,16,940	3·14%	
Gudivada-Bhimavaram Railway.	28,61,340		28,61,340	17-12-25	40,81,000	Opened for traffic on 17-9-28.	1,44,703	3·55%	
Agra-Bah Railway ..	32 lakhs	6·3%	30,26,509	29-12-25	28,72,503	Opened for traffic on 10-4-29.	741	0·03%	
Dinapur-Ruhea Railway	34,88,649	5·75%	34,88,649	29-1-26	32,93,000	Opened for traffic on 10-4-29.	75,766	2·02%	
Hotgi-Sholapur Railway	11,50,000	5·44%	10,94,839	3-12-25	7,88,851	Opened for traffic on 15-5-27.	..	..	
Kangra Valley Railway	1·34 lakhs	2·8%	1,34,00,000	1-2-26	2,95,65,000	Opened for traffic on 1-4-29.	—3,10,379	—0·94%	
Dhamuah-Laxshmikantapur Railway.	28,38,230	7%	37,38,203	12-1-27	40,33,812	Opened for traffic on 15-12-28.	—80,477	—1·94%	
Vasad Katana Railway	19,86,700	8%	19,86,700	14-12-27	20,60,597	Opened for traffic on 1-9-30.	..	..	
Amritsar-Narowal Railway.	59·88 lakhs	5·5%	59,87,968	27-2-26	61,96,977	Opened for traffic on 6-5-29.	2,02,552	2·83%	
Shahdara-Narowal Railway.	27·89 lakhs	4·84%	27,89,114	5-3-26	28,16,000	Opened for traffic on 22-12-26.	2,43,404	7·22%	
Kyan Thongwa Railway	11·10 lakhs	10½%	11,10,581	26-1-26	14,30,840	Opened for traffic on 15-12-28.	..	..	
Samni-Dahej Railway ..	10,68,774	8·9%	10,68,774	31-3-26	9,37,280	Opened for traffic on 1-3-30.	..	..	
Vriddhachalam-Cuddalore Railway.	40·00 lakhs	..	36,77,527	3-5-28	31,53,000	Opened for traffic on 21-6-28.	75,716	3%	Built on a guarantee by the District Board of South Arcot.
Lyallpur-Jaranwala Railway.	13·71 lakhs	5·48%	13,71,668	20-8-26	15,40,000	Opened for traffic on 3-12-27.	—67,804	—3·83%	
Rohtak-Gohana-Paniput Railway.	26·61 lakhs	6½%	26,61,646	20-8-26	24,54,000	Opened for traffic on 15-5-28.	—17,897	—0·63%	

Name of Project.	Estimated cost as placed before the Standing Finance Committee.	Return expected.	Estimated cost as originally sanctioned by the Railway Board.	Date of Railway Board's sanction.	The latest estimate of expenditure.	The latest position of the project.	Net earnings for 1929-30.	Return on Capital.	Remarks.
1	2	3	4	5	6	7	8	9	10
					Rs.		Rs.		
Jassar Shakargarh-Chak Amru Railway.	14,96,903 .. (including interest during construction).	6%	14,25,622	19-8-26	16,01,000	Opened for traffic on 21-12-27.	—32,941	—1·79%	
Khushab-Chak Jumra Chord Railway.	121·05 lakhs ..	6%	1,21,05 lakhs.	21-2-27 and 21-4-27	1,49,50,236	Chak Jumra-Chiniot opened on 22-1-28.	..	..	
Darwha-Pusad Railway	29·01 lakhs ..	6·81%	29,00,810	20-9-27	32,73,064	Expected to be opened for traffic in October 1931.	..	..	
Rohtak-Bhiwani Railway	17·89 lakhs ..	4·33%	..	..	..	..	..	..	Construction not sanctioned.
Boraivi-Vadtal Railway	2,48,796 ..	5%	2,48,796	16-8-27	2,17,307	Opened for traffic on 18-4-29.	—5,174	—2·36%	
Lucknow-Sultanpore Railway.	1,18,83,000 ..	5·8%	1,18,83,411	11-8-27	1,18,19,414	One section opened for traffic on 22-3-31.	..	..	
Purnea Murliganj Railway.	17·80 lakhs .. 6·6% 8·54 lakhs .. 6·5% (including interest during construction).		25,69,485	16-8-27	30,96,000	Opened for traffic on 1-10-29.	1,47,710	4·51%	
Trichinopoly Karai-Kudi Manamudara Railway.	1,26,84,782 ..	4·98%	1,26,84,782	18-8-27	1,14,99,418	Opened for traffic on 1-7-30.	..	..	
Habiganj-Shaistaganj Railway.	7·52 lakhs ..	6·8%	7,52,656	16-9-27	8,55,555	Opened for traffic on 1-11-28.	19,117	0·90%	For Habiganj-Shaistaganj Bala Railway.
Unao-Madhoganj Railway	35,24,613 ..	6·3%	34,40,613	11-8-27	31,40,131	Opened for traffic on 21-12-30.	..	..	
Chandpur-Bijnor-Muazzampur Narain Railway.	24·51 lakhs ..	6·1%	24,52,491	11-8-27	24,50,956	Opened for traffic on 5-1-30.	..	..	
Qilla Saifulla Fort Sandeman extension.	46,22,807 ..	..	46,22,807	16-8-27	56,50,264	Opened for traffic on 15-7-29.	—6,51,483	—7·91%	

Abdulpur Nawabganj Railway.	63,90,000	6·2%	63,92,536	12-10-27	84,39,090	Opened for traffic on 11-2-30.	..	..	
Salem Mecheri Railway	10,62,856	..	10,62,856	10-3-28	13,53,523	Opened for traffic on 15-4-29.	59,518	2·71%	
Salem Attur Vriddhachalam Railway.	87,18,980	5·8%	87,18,980	14-1-28	88,13,598	Half opened for traffic on 3-2-31.	..	..	
Batala-Butari Railway ..	34,25,855	5·16%	34,25,855	5-1-28	9,10,733 for one section only. Other sections held in abeyance.	Batala-Qadian opened for traffic on 20-12-28.	..	..	
Kalukhali-Bhateapara Railway.	41,39,877	5%	41,39,877	10-1-28	57,02,000	Expected to be opened on 1-12-31.	..	..	
Feni-Belonia Railway ..	13,97,879	5·8%	13,97,879	8-12-27	13,52,194	Opened for traffic on 1-12-29.	..	..	
Railways in Minbu and Pakokku Districts, Burma.	4,73,71,997	5·32%	4,73,71,997	22-12-27	..	..	..	..	Abandoned.
Khamgaon Chikli Branch Railway.	35,79,076	6%	35,79,076	27-2-20	..	..	..	..	Work held in abeyance.
Senchoa Mairabari Railway.	21,26,000	13%	21,26,494	21-2-28	21,46,719	Opened for traffic on 20-4-30.	..	..	
Kartal Attara Kamasin Branch.	40,22,858	6·66%	40,22,858	29-2-28	38,96,076	..	..	..	Work held in abeyance.
Lyallpur Chananwala Cross connection.	115·78 lakhs	5·8%	1,15,78,000	21-2-28	..	..	..	..	Abandoned.
Chittagong Nazirhat Railway.	20,57,000	8·5%	20,56,824	8-6-28	21,98,435	Opened for traffic on 17-3-30.	..	..	
Shaistaganj-Balla Railway	10,66,499	5·2%	10,66,499	7-6-28	12,04,809	Opened for traffic on 1-12-29.	19,117 for Habiganj Shaistaganj Balla Railway.	0·90%	
Hewarkhed Akot Akola Basim Railway.	75,00,000	6·3%	..	..	..	..	..	..	Not yet sanctioned.
Belapur Shevgaon Railway.	29,90,340	5·3%	29,90,340	11-6-28	..	..	..	..	Work held in abeyance.
Contai Road Contai Railway.	36,28,515	7·6%	37,60,515	20-6-28	..	..	..	..	Work held in abeyance.

Name of Project.	Estimated cost as placed before the Standing Finance Committee.	Return expected..	Estimated cost as originally sanctioned by the Railway Board.	Date of Railway Board's sanction.	The latest estimate of expenditure.	The latest position of the project.	Net earnings for 1929-30.	Return on Capital.	Remarks
1	2	3	4	5	6	7	8	9	10
					Rs.		Rs.		
Amraoti Narkhed Railway.	61,22,000	6·5%	61,21,673	13-6-28	..	..	..	..	Work held in abeyance.
Mashrak Thawe Railway	19,67,177	6%	22,87,177	22-9-28 and 3-1-29	23,63,286	Opened for traffic on 12-1-31.	..	..	
Pollachi Palghat Railway.	40,00,000	5·2%	39,37,026	13-6-28	51,79,271	Expected to be opened in 1931-32.	..	..	
Sind Left Bank Feeder Railway.	90,20,000	Bombay Government guarantee loss.	90,19,720	20-6-28	89,15,328	43·63 miles opened on 20-5-30 and 80·04 will be opened in March 1932.	..	..	
Thasra Virpur Railway..	15,54,000	13·8 %	..	..	..	..	..	..	Construction not yet sanctioned.
Kashipur Kalagarh Railway.	18,82,000	5·2%	..	..	..	..	..	..	Construction not yet sanctioned.
Chittagong Duhazari Railway.	45,22,000	5·6%	45,22,493	12-12-28	45,25,070	Opened on 10-6-31	..	..	
Dacca Aricha (Rajbari-Narayanganj) Railway.	1,89,08,000	5·14%	1,89,08,183	10-1-29	..	..	..	..	Work held in abeyance.
Tangla Belsiri Railway	33,34,865	Government of Assam guaranteed loss amounting to Rs. 1,73,000.	33,34,865	28-6-29	37,26,000	15 per cent. work has been completed.	..	..	

APPENDIX G.

Some of the more important measures of economy introduced and anticipated savings therefrom during 1931-32.

(Figures in thousands of rupees.)

Measures of Economy introduced up to 31st May 1931.	State Railways.					Companies Railways.				
	Burma.	E. B.	E. I.	G. I. P.	N. W.	A. B.	B. N.	B. B. & C. I.	M. & S. M.	S. I.
1. Reduction in Staff	4·37	3,11	17,05	25,18	34,76	92 Not available	7,30	16,23	2,92	38
2. Reduction in use of Temporary Staff		45	..	..	54		..	1,11	2,35	Not available.
3. Reduction in Scale of Temporary Staff.		6	..	..	11			12	..	
4. Posts held in abeyance		1,20	2,14	3,15	92			2,29	4,28	1,16
5. Amalgamation of posts and re-grading.		..	1,20	74	32			..	6	12
6. Reduction in transfers of staff ..		11	..	..	3	,,	..	..	..	Not available.
7. Reduction of Allowances.. ..		2,30	26	..	2,73	,,	1	1,46	53	65
8. Reduction in expenses connected with Training Schools.	Not available.	..	..	..	30	,,	17	24	..	Not available.
9. Reduction of Training in First Aid	,,	..	..	..	..	,,	..	11	2	,,
10. Closing down of Running Sheds ..	,,	..	1	..	35	,,	..	4	..	,,
11. Closing down of Train Examining Stations.	,,	..	8,06	..	40	,,	..	..	..	,,
12. Closing down Workshops ..	,,	14	59	..	30	,,	10	34	..	,,
13. Short Time and Reduction of Over-time Working in Workshops.	,,	5,04	24	1,09	8,13	,,	6,76	4,03	48	2,20
14. Piece-Work in Workshops ..	,,	..	..	..	5	,,	..	..	..	Not available.
15. Reduction in Loco. Spares ..	,,	..	..	..	1,82	,,	..	55	..	,,

APPENDIX G—*contd.*

Some of the more important measures of economy introduced and anticipated savings there from during 1931-32.

(Figures in thousands of rupees.)

Measures of Economy introduced up to 31st May 1931.	State Railways.					Companies Railways.				
	Burma.	E. B.	E. I.	G. I. P.	N. W.	A. B.	B. N.	B. B. & C. I.	M. & S. M.	S. I.
16. Closing down Gas Factories ..	Not available.	..	..	..	66	Not available.	..	6	..	Not available.
17. Extension of Time between Repairs to Rolling Stock.	,,	..	13,12	..	..	,,	..	..	7,08	,,
18. More intensive Rationing of Coal..	,,	1	..	..	30	,,	..	1,20	..	,,
19. Reduction in Coal Consumption and Cost.	,,	1,40	20	3,66	12,04	,,	4,71	5,64	63	,,
20. Reduction in Train Mileage ..	,,	..	12,16	..	..	,,	..	..	2,57	,,
21. Closing down (or Regrading) Stations.	,,	19	7	4,73	99	,,	..	63	12	,,
22. Reduction in Lighting of Stations, Yards, etc.	,,	..	58	..	10,44	,,	..	6	..	,,
23. Amalgamation of Trains ..	,,	..	..	..	..	,,	..	..	..	,,
24. Saving in Demurrage and Wharfage Charges.	,,	..	..	..	6	,,	..	..	..	,,
25. Saving in Shunting Charges ..	,,	1,93	64	..	21	,,	..	..	..	,,
26. Reduction in Payments to other Railways and Departments.	,,	..	1	..	12	,,	6,55	..	..	,,
27. Saving on Stores	,,	22	47	9,45	14	,,	1,87	45	5,31	1,37
28. Use of more economical types of Stores.	,,	62	5		69	,,	9	21	..	Not available.
29. Reduction in Scale and Use of Consumable Stores.	3	1,78	2,03	39	3,40	,,	3,00	2,77	10	,,
30. Reduction in Carriage of Revenue Stores, including reduction in Ballast Trains.	Not available.	6	2,10	..	18	,,	..	61	..	,,

31. Reduction in Issue of Uniforms ..	2	35	98	..	5,68	,,	72	91	0·5	1
32. Reduction in Issue of Stationery, etc.	Not available.	7	36	28	1,19	,,	72	83	6	Not available.
33. Saving in Freight Charges ..	,,	58	14	23	53	,,	40	..	..	,,
34. Scrap Material, etc.—Use and disposal of—	,,	3,62	32	..	19	,,	1,74	34	24	,,
35. Reduction in Loading and Unloading Cost.	,,	24	16	..	45	,,	..	31	20	,,
36. Saving on Furniture, Tools and Plant, etc.	1	6	2	..	1,10	,,	1,80	1,33	..	,,
37. Reduction in Telephones and Telephone Services.	Not available.	1	6	2	14	,,	..	3	0·5	,,
38. Work done Departmentally instead of by Contract.	,,	..	..	..	4	,,	..	..	..	,,
39. Suspension of Repairs and Maintenance.	,,	1,62	..	..	4,19	,,	..	2,69	9,04	,,
40. Stoppage of New Minor Works ..	,,	12	1	..	64	,,	..	19	..	,,
41. Reduction of Water Supply (Quantity or Rate).	,,	..	2	4	61	,,	..	23	..	,,
42. Savings on Plantations	,,	1	..	..	13	,,	8	6	..	,,
43. Rents of Buildings	,,	..	..	..	33	,,	..	..	..	,,
44. Reduction in Imprest Scales ..	,,	..	..	..	..	,,	..	..	..	,,
45. Reduction in Expenditure on Publicity.	12	..	..	..	17	,,	..	60	..	,,
46. Saving in Electric Charges ..	Not available.	..	..	10	..	,,	..	1,40	4	,,
47. Reduction in Printing and Advertisement Expenses.	,,	..	..	16	..	,,	..	5	..	,,
48. Miscellaneous	,,	45	..	..	5	,,	..	3,47	3	,,

NOTE :—The different Railways have explored practically all the above measures of economy; but have not in many cases been able to give the figures yet.

APPENDIX H.

Estimated Savings in 1931-32 resulting from measures of economy introduced up to 31st July 1931.

(Figures in lakhs of rupees.)

	State Railways.					Companies Railways.				
	Burma.	E. B.	E. I.	G. I. P.	N. W.	A. B.	B. N.	B. B. & C. I.	M. & S. M.	S. I.
General Administration	1·88 (1·00)	1·30 (1·18)	3·85 (2·40)	4·42 (3·29)	11·91	0·25	0·59 (1·61)	4·60 (3·55)	3·23 (2·82)	2·63
Repairs and Maintenance	16·67 (2·67)	14·64 (2·97)	35·92 (15·93)	40·04 (14·12)	49·97	0·57	32·29 (4·20)	22·01 (9·15)	25·78 (6·86)	3·03
Operation (other than Fuel)	3·43 (1·48)	9·63 (3·68)	15·52 (5·79)	22·95 (15·27)	29·82	0·47	12·07 (2·35)	14·05 (4·58)	4·96 (4·81)	5·60
Fuel	0·70	0·61	2·50	30·25	31·31	..	4·89	9·68	5·28	..
Total ..	22·68	26·18	57·79	97·66	123·01	1·29	49·84	50·34	39·25	11·26
Amount of above representing savings due to reduction in salaries and allowances.	5·24	8·01	24·12	32·68	46·92	0·98	8·16	17·28	14·19	1·50
Expenditure in 1930-31	260·88	374·03	995·15	856·57	1078·86	111·43	533·38	613·78	388·33	294·98

Total of 5 State Railways = 327·32 (116·97)

Total of 5 Companies Railways = 151·98 (42·41)

Grand Total for 10 Railways = 479·30 (159·38)

Figures in brackets represent approximate amount in the figure above due to reduction in Salaries and Allowances, etc.

Details of expenditure on the Principal Railways in 1929-30, 1928-29, 1927-28 and 1926-27. (Figures in thousands of rupees.)

Particulars	G. M. Railways					M. S. Railways					S. I. Railways					B. N. Railways					B. B. & C. I. Railways					R. & S. K. Railways					S. M. Railways					N. W. Railways					N. G. Railways					Burma Railways				
	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.	1929-30.	1928-29.	1927-28.	1926-27.	Percentage of net earnings to capital outlay at the end of 1929-30.
(1)																																																
Receipts—																																																
Gross Traffic receipts	75.17	80.01	80.55	80.87	6.4	15.93	16.48	15.93	16.07	5.1	25.07	26.55	26.79	26.91	14.4	25.11	25.79	25.78	26.71	7.4	75.47	77.49	77.71	77.71	11.6	25.05	26.71	26.46	26.28	5.1	17.72	17.79	17.79	17.79	4.2	36.17	37.06	37.45	36.69	10.3
Expenditure (working)	47.34	49.07	51.79	51.45	3.9	10.78	11.12	10.76	10.85	3.4	15.97	16.91	16.75	16.78	9.2	16.13	16.14	15.97	16.42	4.5	48.39	49.00	48.75	47.96	7.4	16.04	16.93	16.77	16.64	3.2	10.91	10.91	10.91	10.91	2.6	23.69	24.11	24.36	23.86	6.7
Net earnings	27.83	30.94	28.76	29.42	9.1	5.15	5.36	5.17	5.22	8.2	9.10	9.64	10.04	10.13	19.8	8.98	9.65	9.81	10.29	10.3	26.98	28.49	28.96	29.75	16.0	9.01	9.78	9.69	9.64	8.8	6.81	6.88	6.88	6.88	6.8	12.48	12.95	13.09	12.83	13.9
Interest on Capital outlay	2.10	1.89	—	—							47.76					0.03	0.01	1.43	1.43	0.1	0.03	0.01	0.01	0.01	0.1	0.01	0.01	0.01	0.01	0.1	0.01	0.01	0.01	0.01	0.1	0.01	0.01	0.01	0.01	0.1	0.01	0.01	0.01	0.01	0.1	0.01	0.01	0.01	0.01	0.1
Total—																																																
Gross of Expenditure (working)	75.17	80.01	80.55	80.87	—	15.93	16.48	15.93	16.07	—	25.07	26.55	26.79	26.91	—	25.11	25.79	25.78	26.71	—	75.47	77.49	77.71	77.71	—	25.05	26.71	26.46	26.28	—	17.72	17.79	17.79	17.79	—	36.17	37.06	37.45	36.69	—
Net	29.93	32.83	28.76	29.42	9.1	5.15	5.36	5.17	5.22	8.2	9.10	9.64	10.04	10.13	19.8	9.01	9.66	11.24	11.72	10.4	27.01	28.50	28.97	29.76	16.1	9.02	9.79	9.70	9.65	8.9	6.82	6.89	6.89	6.89	6.8	12.49	12.96	13.10	12.84	13.9
Total	1,17.51	2,30.18	1,27.26	2,02.42	10.4	2,10.69	2,10.72	2,10.42	2,14.21	8.6	2,62.27	2,75.12	2,75.51	2,76.75	3.2	2,66.27	2,69.24	2,69.28	2,69.71	2.6	2,70.27	2,72.77	2,73.19	2,74.01	10.7	1,70.72	1,72.96	1,72.96	1,72.96	10.1	1,16.96	1,16.96	1,16.96	1,16.96	10.1	1,43.66	1,45.07	1,46.07	1,46.07	10.1
(2)																																															
Expenditure on Capital outlay charged to Revenue—																																															
Annual Instalments	15.00	15.00	15.00	15.00	31.6	5.00	5.00	15.00	15.00	10.5	25.00	25.00	25.00	25.00	11.0	25.00	25.00	25.00	25.00	11.0	75.00	75.00	75.00	75.00	11.0	5.00	5.00	25.00	25.00	11.0	5.00	5.00	5.00	5.00	11.0	10.00	10.00	10.00	10.00	11.0
Repairs and Renewals	1,15.00	90.00	77.75	1,17.50	10.4	35.00	36.00	35.00	35.00	7.1	75.00	75.00	75.00	75.00	10.8	87.75	87.50	87.50	87.50	10.6	1,50.00	50.00	50.00	50.00	10.7	75.00	75.00	75.00	75.00	10.7	1,00.00	1,00.00	1,00.00	1,00.00	10.7	50.00	50.00	50.00	50.00	10.7
Depreciation Reserves	50.00	1,05.00	1,00.00	1,00.00	10.4	75.00	75.00	75.00	75.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4
Improvements	37.17	70.18	36.51	36.92	10.4	24.69	24.72	24.42	24.21	10.4	34.27	50.12	50.76	51.75	10.4	53.52	57.74	56.78	57.21	10.4	1,25.27	1,47.77	1,48.19	1,49.01	10.4	34.72	36.96	36.96	36.96	10.4	16.96	16.96	16.96	16.96	10.4	93.66	95.07	96.07	96.07	10.4
Expenditure not charged to Revenue—																																															
Annual Instalments	25.00	25.00	25.00	25.00	31.6	5.00	5.00	15.00	15.00	10.5	25.00	25.00	25.00	25.00	11.0	25.00	25.00	25.00	25.00	11.0	75.00	75.00	75.00	75.00	11.0	5.00	5.00	25.00	25.00	11.0	5.00	5.00	5.00	5.00	11.0	10.00	10.00	10.00	10.00	11.0
Repairs and Renewals	1,15.00	90.00	77.75	1,17.50	10.4	35.00	36.00	35.00	35.00	7.1	75.00	75.00	75.00	75.00	10.8	87.75	87.50	87.50	87.50	10.6	1,50.00	50.00	50.00	50.00	10.7	75.00	75.00	75.00	75.00	10.7	1,00.00	1,00.00	1,00.00	1,00.00	10.7	50.00	50.00	50.00	50.00	10.7
Depreciation Reserves	50.00	1,05.00	1,00.00	1,00.00	10.4	75.00	75.00	75.00	75.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4	1,00.00	1,00.00	1,00.00	1,00.00	10.4
Improvements	37.17	70.18	36.51	36.92	10.4	24.69	24.72	24.42	24.21	10.4	34.27	50.12	50.76	51.75	10.4	53.52	57.74	56.78	57.21	10.4	1,25.27	1,47.77	1,48.19	1,49.01	10.4	34.72	36.96	36.96	36.96	10.4	16.96	16.96	16.96	16.96	10.4	93.66	95.07	96.07	96.07	10.4
Total	3,27.17	2,90.18	2,39.26	3,40.42	17.8	3,27.69	3,28.44	3,24.84	3,29.42	8.6	3,62.27	3,75.12	3,75.51	3,76.75	3.2	3,66.27	3,69.24	3,69.28	3,69.71	2.6	3,70.27	3,72.77	3,73.19	3,74.01	10.7	2,70.72	2,72.96	2,72.96	2,72.96	10.1	2,16.96	2,16.96	2,16.96	2,16.96	10.1	2,43.66	2,45.07	2,46.07	2,46.07	10.1

Notes.—Particulars of expenditure for 1927-28 and 1926-27 are—

1. From E. I. Railway — (1) Main Railway(s) Section of E. I. Railway.
(2) Main Line and Branches Section of E. I. Railway.
2. From S. I. Railway — (1) Delhi Division Section of S. I. Railway.
(2) Up to point of sub-dividing charges in S. I. Railway.
(3) Agra Division Section of S. I. Railway.

APPENDIX I—*contd.*

Details of expenditure on the Principal Railways in 1914-15, 1925-26, 1928-29 and 1930-31. (Figures in thousands of rupees.)

Accounts	E. I. Railway.					E. B. Railway.					B. N. Railway.					G. I. P. Railway.					S. I. Railway.				
	1914-15.	1925-26.	1928-29.	1930-31.	Percentage of 1930-31 on 1928-29.	1914-15.	1925-26.	1928-29.	1930-31.	Percentage of 1930-31 on 1928-29.	1914-15.	1925-26.	1928-29.	1930-31.	Percentage of 1930-31 on 1928-29.	1914-15.	1925-26.	1928-29.	1930-31.	Percentage of 1930-31 on 1928-29.	1914-15.	1925-26.	1928-29.	1930-31.	Percentage of 1930-31 on 1928-29.
(1)																									
Maintenance of Way (Civil).																									
General Administration	9.57	9.66	11.45	11.41	99.7	5.86	4.25	4.17	4.29	97.4	6.65	6.57	11.67	11.57	97.9	4.76	7.11	6.91	6.91	99.1	3.61	6.11	6.67	6.67	99.9
Repairs and Maintenance	39.51	74.74	69.01	60.34	—8	21.76	70.34	72.39	69.91	—3.3	1,74.29	1,34.29	1,70.29	1,69.29	—0.6	77.41	69.07	80.21	71.71	—10.6	30.49	71.75	69.91	64.25	—8.1
Operating Expenses	49.08	84.40	80.46	69.75	—13.3	27.62	74.59	76.56	74.20	—3.1	1,74.29	1,34.29	1,70.29	1,69.29	—0.6	82.17	76.18	87.12	78.62	—9.8	34.10	77.86	76.58	70.92	—7.4
Depreciation		19.34	10.55	9.41	—10.8	6.14	15.44	15.83	15.24	—3.7	35.34	29.69	31.13	31.13	0.0	1.25	12	13.14	13.14	0.0	1.84	11.75	11.75	11.75	0.0
Replacement and Betterments.	—49.57										5.34														
Other—																									
Value of Stores issued.	—4.8									—7.46															
Share of Workshop Debit	—12.34	—14.21	—14.26	—5.72		—1.37	—.66	—1.27	—.66		—4.34	—.65	—.72	—.65		—1.47	0.65	—1.47	—1.19		—.66	—.16			
Total	1,74.19	1,63.52	1,67.21	1,55.07	—7.3	61.61	64.25	92.58	90.58	—2.1	2,72.68	2,25.19	2,34.89	2,34.84	—0.0	1,95.26	1,51.01	1,86.45	1,61.26	—13.5	70.37	1,56.99	1,55.00	1,44.60	—6.7
(2)																									
Expenses (General Administration).																									
General Administration																									
Repairs and Maintenance																99	4.25	4.19	4.19	0					
Operating Expenses																99	4.46	13.34	1,34.3						
Renewals and Replacements.																4.70	17.16	22.26	22.3						
Depreciation																4.70	4.21	10.67	10.67	0					
Other—																									
Share of Workshop Debit																—.46	—.16	—.47	—.47						
Total																1,09.24	29.50	49.99	1,71.49	243.0					

Notes.—(1) Portions of lines transferred between 1928-29 and 1930-31 are :—

1. From E. I. Railway.—(1) Main Alignment transfer to G. I. P. Railway.
(2) Delhi Diversion transfer to E. B. Railway.

2. From G. I. P. Railway.—(1) Delhi-Ujjain transfer to N. W. Railway.
(2) Goregaon area remodelling scheme to S. I. Railway.
(3) Agra-Dhi Station to B. B. Railway.

Details of expenditure on the Principal Railways in 1914-15, 1913-14, 1912-13 and 1910-11. (Figures in thousands of rupees.)

Statement	G. M. Railway.				G. E. Railway.				Percentage (col. 4) of Working Expenses (col. 3) to Gross Earnings (col. 2)	G. I. P. Railway.				Percentage (col. 8) of Working Expenses (col. 7) to Gross Earnings (col. 6)	G. I. P. Railway.				Percentage (col. 12) of Working Expenses (col. 11) to Gross Earnings (col. 10)	B., B. and C. I. Railway.				Percentage (col. 16) of Working Expenses (col. 15) to Gross Earnings (col. 14)	M. and S. M. Railway.				Percentage (col. 20) of Working Expenses (col. 19) to Gross Earnings (col. 18)	S. I. Railway.				Percentage (col. 24) of Working Expenses (col. 23) to Gross Earnings (col. 22)	Rohilkund-Kumaon Railway.				Percentage (col. 28) of Working Expenses (col. 27) to Gross Earnings (col. 26)
	1914-15.	1913-14.	1912-13.	1910-11.	1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.		1914-15.	1913-14.	1912-13.	1910-11.	
A.																																						
Engineering and Miscellaneous Expenses (not including Repairs and Renewals).																																						
Station Establishment	8	7	8	9	91·3	74	68	61	81	90·7	1	11	11	11	91·1	10	10	10	10	97·1									39	39	31	31	97·8	19	18	16	16	94·6					
Repairs and Renewals	29	31	30	9		2·32	2·25	2·22	2·02	69·1	14	12	9	5	57·6						1·26	1·20	1·17	0·54	41·5						4·6	3·77	3·1	2·79	74·1	1·1	1·1	0·9	0·87	80·6					
Operating Expenses	14	17	16	17	1·3	0·42	0·37	0·37	0·3	81·3	10	10	10	10	98·1						0·9	0·89	0·8	0·8	89·1						1·24	1·17	1·1	1·13	94·6	0·45	0·44	0·41	0·41	91·6					
Superintendence and Professionals.																															1·68	1·55								
Miscellaneous	1·35	1·49	1·35	1·25	1·25	0·3	1	0·8	0·7	104·9																												
Total	52	56	55	52	1·25	3·04	3·7	3·39	3·02	89·1	25	33	30	26	77·3						2·16	2·09	1·97	1·34	67·7						5·84	5·34	4·41	3·92	74·1	1·55	1·54	1·31	1·28	82·6					
B.																																						
Repairs and Renewals	10·57	10·91	10·45	10·23	10·7	15·62	15·23	15·13	13·42	87·5	19·68	22·19	20·63	19·65	71·2	21·28	19·91	17·17	15·7	73·8	13·68	13·07	12·69	14·13	91·6	4·81	5·08	5·08	5·23	100·1	3·55	3·63	3·67	3·67	100·1	1·46	1·46	1·46	1·46	100·0
Repairs and Renewals (Locomotive).	3·92	4·21	3·77	3·97	10·3	8·4	8·39	8·39	8·39	99·8	8·77	9·41	9·07	9·07	103·4	5·46	5·16	5·07	5·1	92·8	3·5	3·65	3·75	3·75	107·1	2·3	2·3	2·3	2·3	100·0	1·1	1·1	1·1	1·1	100·0	0·6	0·6	0·6	0·6	100·0
Operating Expenses	4,01,01	4,10,28	4,01,56	4,14,01	1·2	79·61	79·07	80·19	77·34	1·8·3	6,01,01	6,01,01	4,91,73	4,74,07	1·1	1,01,72	1,02,01	1,00,01	1,01,01	1·1	91·21	1,01	90·01	87·01	1·1	1,01,77	1,02,01	1,71·01	1,01,01	1·1	1,01·77	97·01	92·71	91·01	1·1	19·1	19·01	19·01	19·01	1·1	97·1
Renewals and Replacements.																																						
Superintendence						1·01	01	01	01	1·1	01																												
Salaries—																																						
1. Value of rations in kind	0·01													0·01																									
2. Share of profits from	1·2·11	1·11·01	1·11·01	1·11·01		1·1·1	1·01	1·01	1·01		1·11·01	1·11·01	1·11·01	1·11·01		1·1·1	1·01	1·01	1·01							1·11	1·01	1·01	1·01										
Total	4,25,01	4,36,01	4,26,01	4,39,01	0·1	95·01	95·01	96·01	93·01	1·8·3	6,31,01	6,36,01	5,22,01	5,01,01	0·1	1,01,01	1,02,01	1,00,01	1,01,01	1·1	91·21	1,01	90·01	87·01	1·1	1,01,77	1,02,01	1,71·01	1,01,01	1·1	1,01·77	97·01	92·71	91·01	1·1	19·1	19·01	19·01	19·01	1·1	97·1

Notes.—Portions of lines transferred between 1910-11 and 1914-15 are—

1. From G. I. P. Railway to G. E. Railway—Parel-Sandhurst Road to G. I. P. Railway, 1·01 miles (Additional Station to G. I. P. Railway).

2. From G. I. P. Railway to B., B. and C. I. Railway—Virar to B., B. and C. I. Railway, 70 (Complete main line working differs to G. I. P. Railway to Agra Fort Station to B., B. and C. I. Railway).

APPENDIX (continued).

Details of expenditure on the Principal Railways in 1914-15, 1918-19, 1919-20 and 1920-21 (Figures in thousands of rupees.)

Particulars	G. T. Railway.					G. I. P. Railway.					B. B. & C. I. Railway.					S. I. Railway.					E. I. Railway.				
	1914-15.	1918-19.	1919-20.	1920-21.	Percentage of 1920-21 over 1914-15.	1914-15.	1918-19.	1919-20.	1920-21.	Percentage of 1920-21 over 1914-15.	1914-15.	1918-19.	1919-20.	1920-21.	Percentage of 1920-21 over 1914-15.	1914-15.	1918-19.	1919-20.	1920-21.	Percentage of 1920-21 over 1914-15.	1914-15.	1918-19.	1919-20.	1920-21.	Percentage of 1920-21 over 1914-15.
(a)																									
Gauges, Conversion, Alteration and Improvement.	69.67	77.20	84.25	65.27	-6.3	41.77	24.42	21.40	16.84	-59.7	41.73	91.41	72.66	71.08	70.3	44.69	44.69	44.69	44.69	0.0	69.11	48.61	13.27	49.28	-28.7	34.19	35.69	34.21	45.59	33.3
Strengthening of Bridges	9.57	7.56	6.41	6.41	-33.0	6.57	2.61	2.61	6.41	-2.5	24.78	24.78	24.78	24.78	0.0	2.56	2.56	6.41	6.41	150.4	6.78	6.78	12	75	+10.7	6.78	6.78	6.78	6.78	0.0
Quadrupling and Improvement of Lines.																									
Reconstruction of Stations.																									
Signalling.																									
Workshops.																									
Electrification.																									
Railway Collieries.																									
Railway Lines (Construction).																									
Railway Lines (Improvement).																									
Railway Lines (Conversion).																									
Railway Lines (Alteration

APPENDIX J.

Rolling Stock Statistics.

Railway.	Locomotives.						
	1924-25 No.	1925-26 No.	1928-29 No.	1929-30 No.	1930-31 No.	Per cent. increase (+) or decrease (—) in 1930-31 over 1924-25.	Per cent. increase (+) or decrease (—) in 1930-31 over 1925-26.
Broad Gauge.							
Bengal Nagpur	684	731	699	717	738	+7·92	+0·96
Bombay, Baroda and Central India	451	447	387	380	(*b*)386	—3·66	—13·6
Eastern Bengal	295	319	329	333	328	+11·2	+2·82
East Indian	1,667	1,694	1,601	1,595	1,645	+21·9	—2·89
Great Indian Peninsula. ..	1,320	(*a*) 1,307	1,138	1,101	(*c*) 1,065	—19·3	—18·5
Madras and Southern Mahratta ..	300	307	312	314	310	+3·33	+0·98
North Western	1,607	1,506	1,276	1,268	1,267	—21·2	—15·9
Oudh and Rohilkhand	*	*	*	*	*	*	*
South Indian	152	149	145	152	151	—0·66	+1·34
Total (B. G.) ..	6,476	(*a*) 6,460	5,887	5,860	(*d*) 5,890	—9·05	—8·82
Metre Gauge.							
Bombay, Baroda and Central India.	515	521	510	506	497	—3·50	—4·61
Eastern Bengal	236	235	224	225	223	—5·52	—5·11
Madras and Southern Mahratta ..	352	360	347	364	358	+1·70	—0·56
South Indian	410	404	397	408	424	+3·41	+4·95
Burma	364	374	391	418	427	+17·3	+14·2
Total (M. G.) ..	1,877	1,894	1,869	1,921	1,929	+2·77	+1·85

(*a*) Includes 13 Electric Locomotives.
(*b*) Includes 2 Electric Battery Locomotives.
(*c*) Includes 65 Electric Locomotives.
(*d*) Includes 2 Electric Battery Locomotives and 65 Electric Locomotives.
* Included in the East Indian Railway.

APPENDIX J—*contd.*

Rolling Stock Statistics—contd.

Railway.	Coaching stock.						
	1924-25 No.	1925-26 No.	1928-29 No.	1929-30 No.	1930-31 No.	Per cent. increase (+) or decrease (—) in 1930-31 over 1924-25.	Per cent. increase (+) or decrease (—) in 1930-31 over 1925-26.
Broad Gauge.							
Bengal Nagpur	1,112	1,137	982	1,059	1,061	—4·59	—6·68
Bombay, Baroda and Central India	1,014	1,020	893	833	833	—17·9	—18·3
Eastern Bengal	882	880	948	962	1,040	+17·9	+1·82
East Indian	3,461	3,562	3,355	3,585	3,421	+45·8	—3·96
Great Indian Peninsula ..	2,482	†2,557	2,229	2,171	‡2,374	—4·35	—7·16
Madras and Southern Mahratta ..	944	936	913	945	934	—1·06	—0·21
North Western	3,697	3,454	3,744	3,684	3,699	+0·05	+7·09
Oudh and Rohilkhand ..	*	*	*	*	*	*	*
South Indian	362	349	303	358	362	*Nil*	+3·72
Total (B. G.) ..	13,954	†13,895	13,367	13,597	‡13,724	—1·65	—1·23
Metre Gauge.							
Bombay, Baroda and Central India	1,737	1,743	1,664	1,612	1,618	—7·02	—7·17
Eastern Bengal	980	977	948	1,013	1,078	+10·0	+10·3
Madras and Southern Mahratta ..	1,158	1,174	1,059	993	999	—13·7	—14·9
South Indian	1,557	1,508	1,347	1,356	1,384	—11·1	—8·22
Burma	1,073	1,109	1,317	1,335	1,410	+31·4	+27·1
Total (M. G.) ..	6,505	6,511	6,335	6,309	6,489	—0·29	—0·34

* Included in the East Indian Railway.
† Includes 39 Vehicles Electric Stock.
‡ Includes 153 Vehicles Electric Stock.

APPENDIX J—*concld.*

Rolling Stock Statistics—concld.

Railway.	Goods stock.						
	1924-25 No.	1925-26 No.	1928-29 No.	1929-30 No.	1930-31 No.	Per cent. increase (+) or decrease (—) in 1930-31 over 1924-25.	Per cent. increase (+) or decrease (—) in 1930-31 over 1925-26.
Broad Gauge.							
Bengal Nagpur	22,589	22,629	22,296	22,260	22,256	—1·47	—1·65
Bombay, Baroda and Central India	10,013	10,226	10,479	10,306	10,143	+1·30	—0·81
Eastern Bengal	8,616	8,409	8,290	8,242	8,169	—5·19	—2·85
East Indian	52,671	53,102	49,054	48,899	48,799	+10·1	—8·10
Great Indian Peninsula ..	19,845	19,920	18,549	18,230	18,000	—9·80	—9·64
Madras and Southern Mahratta ..	5,937	5,650	5,479	5,637	5,678	—4·36	+0·50
North Western	30,085	29,038	30,278	29,620	29,495	—1·96	+1·57
Oudh and Rohilkhand	*	*	*	*	*	*	*
South Indian	1,964	1,798	1,797	1,777	1,771	—9·83	—1·50
Total (B. G.) ..	151,720	150,772	146,222	144,971	144,311	—4·88	—4·29
Metre Gauge.							
Bombay, Baroda and Central India	8,799	9,158	9,524	9,467	9,660	+9·79	+5·48
Eastern Bengal	5,033	4,906	5,028	5,421	5,505	+9·38	+14·2
Madras and Southern Mahratta ..	6,924	7,124	7,658	7,510	8,238	+19·0	+15·6
South Indian	4,201	3,926	4,950	5,540	5,432	+29·3	+38·4
Burma	9,320	9,306	10,207	10,268	10,336	+11·8	+11·1
Total (M. G.) ..	34,277	34,420	37,367	38,206	39,171	+14·3	+13·8

* Included in the East Indian Railway.

APPENDIX K.

Statement showing use made of Locomotive Stock.

Railway.	Year.	Average number of engines in Stock.	Average number available for use.	Average number in use daily.	Maximum number in use on any one day.	Average mileage run per engine per annum.
Broad Gauge Lines.						
North Western ..	1924-25 ..	1,559	1,257	821	929	17,520
	1925-26 ..	1,553	1,147	840	922	17,885
	1928-29 ..	1,405	1,003	892	933	25,915
	1929-30 ..	1,409	983	891	937	25,915
	1930-31 ..	1,389	1,031	876	914	24,820
East Indian ..	1924-25 ..	*1,665	*1,432	*1,307	*1,411	*48,545
	1925-26 ..	*1,680	*1,411	*1,227	*1,285	*24,090
	1928-29 ..	*1,639	*1,331	*1,153	*1,261	*26,280
	1929-30 ..	*1,639	*1,326	*1,162	* 1,274	*25,915
	1930-31 ..	*1,592	*1,341	*1,142	*1,244	*24,820
Eastern Bengal ..	1924-25 ..	296	208	188	197	22,630
	1925-26 ..	304	227	201	211	21,170
	1928-29 ..	332	261	237	260	26,280
	1929-30 ..	340	266	228	252	27,375
	1930-31 ..	340	262	226	240	25,915
Bengal Nagpur ..	1924-25 ..	668	489	401	442	24,455
	1925-26 ..	713	520	399	440	22,630
	1928-29 ..	769	530	465	521	25,915
	1929-30 ..	769	549	492	519	27,375
	1930-31 ..	762	542	464	404	25,185
Great Indian Peninsula	1924-25 ..	1,274	954	782	849	19,710
	1925-26 ..	1,279	998	694	830	18,980
	1928-29 ..	1,179	941	688	843	61,685
	1929-30 ..	1,164	933	629	751	54,385
	1930-31 ..	1,111	887	578	738	63,145
Bombay, Baroda and Central India.	1924-25 ..	434	364	277	296	22,265
	1925-26 ..	434	341	277	306	22,995
	1928-29 ..	426	329	239	254	22,630
	1929-30 ..	416	269	236	258	24,820
	1930-31 ..	385	263	224	235	23,360
Madras and Southern Mahratta.	1924-25 ..	287	230	198	214	24,090
	1925-26 ..	289	224	198	223	24,455
	1928-29 ..	297	222	200	206	25,915
	1929-30 ..	301	220	199	222	27,375
	1930-31 ..	301	236	197	213	25,185
South Indian ..	1924-25 ..	146	119	82	107	17,155
	1925-26 ..	149	118	87	106	19,345
	1928-29 ..	149	128	95	101	22,995
	1929-30 ..	149	125	108	125	26,645
	1930-31 ..	149	124	110	120	27,740

* Includes Oudh and Rohilkund Railway.

APPENDIX K—*contd.*

Statement showing use made of Locomotive Stock—contd.

Railway.	Year.	Average number of engines in Stock.	Average number available for use.	Average number in use daily.	Maximum number in use on any one day.	Average mileage run per engine per annum.
Metre Gauge Lines.						
Eastern Bengal ..	1924-25 ..	245	176	159	169	21,170
	1925-26 ..	234	186	172	185	21,900
	1928-29 ..	211	181	157	171	24,820
	1929-30 ..	230	177	148	169	26,280
	1930-31 ..	229	182	141	163	23,725
Bombay, Baroda and Central India.	1924-25 ..	501	402	341	344	24,820
	1925-26 ..	497	403	319	332	22,630
	1928-29 ..	479	426	338	333	24,090
	1929-30 ..	513	427	346	360	24,090
	1930-31 ..	513	417	340	353	23,360
Madras and Southern Mahratta.	1924-25 ..	316	272	233	257	24,455
	1925-26 ..	322	280	242	267	24,820
	1928-29 ..	327	261	226	251	29,565
	1929-30 ..	341	288	240	267	28,105
	1930-31 ..	343	298	242	267	26,280
South Indian ..	1924-25 ..	387	323	242	282	20,805
	1925-26 ..	404	313	248	284	21,535
	1928-29 ..	412	310	270	308	24,090
	1929-30 ..	413	322	300	325	26,645
	1930-31 ..	421	337	299	334	25,550
Burma	1924-25 ..	363	310	246	279	25,550
	1925-26 ..	367	318	260	287	25,550
	1928-29 ..	393	341	288	308	27,740
	1929-30 ..	427	358	287	317	28,105
	1930-31 ..	429	380	286	317	24,820
Total "Other Railways."*	1924-25 ..	578	469	366	140	21,292
	1925-26 ..	570	473	381	140	24,820
	1928-29 ..	588	508	426	161	25,063
	1929-30 ..	603	526	473	145	27,132
	1930-31 ..	617	553	475	150	26,402

* "Other Railways" include the Assam-Bengal, Bengal and North Western (of which 806·40 miles representing Tirhoot Railway are State-owned) and Rohilkund and Kumaon Railway (of which 312·06 miles, representing Lucknow-Bareilly Railway, are State-owned).

NOTE.—Separate figures for Tirhoot and Lucknow Bareilly Railways are not available.

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APPENDIX L.

Passenger Traffic.

Railway.	Number of passengers carried.							Passenger miles (in thousands).							
	1924-25.	1925-26.	1928-29.	1929-30.	1930-31.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1930-31 over 1924-25.	Percentage increase or decrease of 1930-31 over 1925-26.	1924-25.	1925-26.	1928-29.	1929-30.	1930-31.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1930-31 over 1924-25.	Percentage increase or decrease of 1930-31 over 1925-26.
1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8
B. N. ..	24,774,700	25,328,000	26,259,100	27,940,100	24,887,600	27,940,100	+·52	—1·74	1,134,557	1,164,381	1,150,561	1,212,352	1,061,115	1,212,352	—6·47	—8·87
B. B. & C. I. ..	98,469,100	99,101,200	92,977,500	93,958,400	89,014,100	99,101,200	—9·60	—10·2	2,656,978	2,640,835	2,522,924	2,598,702	2,366,331	2,640,835	—10·9	—10·4
K. B. ..	45,343,500	47,816,900	52,728,900	55,192,000	46,408,000	55,192,000	2·35	—2·95	1,206,587	1,304,930	1,497,566	1,560,924	1,237,998	1,560,924	2·60	—5·13
K. L. ..	75,750,700	71,705,700	71,576,400	72,097,000	66,656,400	76,365,100	—12·0	—7·04	3,302,616	3,147,772	3,852,356	4,159,380	3,726,216	4,159,380	12·8 %	18·4
G. I. P. ..	58,428,100	61,292,500	63,130,000	64,337,600	55,923,000	64,337,600	—4·29	—8·76	2,103,297	2,092,655	2,173,776	2,239,231	1,892,816	2,239,231	—10·0	—9·58
M. & S. M. ..	41,246,400	43,326,200	46,025,300	49,013,300	43,057,100	49,013,300	4·39	—0·62	1,362,007	1,391,237	1,477,106	1,582,600	1,391,213	1,582,600	2·14	—0·002
N. W. ..	78,410,500	87,930,800	89,702,200	85,796,900	74,008,100	89,702,200	—5·61	—15·8	3,222,089	3,424,685	3,819,666	3,938,649	3,543,413	3,938,649	9·97	3·47
S. I. ..	47,973,900	50,933,400	58,013,200	66,000,400	64,730,000	66,000,400	34·9	27·1	1,182,381	1,238,898	1,451,283	1,660,786	1,576,290	1,660,786	33·3	27·2
Burma ..	35,704,000	36,030,200	35,374,100	33,123,800	28,862,200	37,125,500 *	—19·2	—19·9	707,676	761,353	796,959	758,493	633,566	842,240	—10·5	—16·8
Total all* Railways.	515,478,400	534,533,200	549,478,500	561,978,500	506,175,400	579,298,400	—1·80	—5·31	17,210,217	17,525,906	19,168,290	20,095,785	17,784,693	20,492,808	3·40	1·52

*Includes A. B. Railway only.

APPENDIX I.—*concld.*

Goods Traffic.

Railway.	Tonnage conveyed.								Ton miles worked (in thousands).							
	1924-25.	1925-26.	1928-29.	1929-30.	1930-31.	Maximum in any year after 1924-25.	Percentage increase or decrease of 1930-31 over 1924-25.	Percentage increase or decrease of 1930-31 over 1925-26.	1924-25.	1925-26.	1928-29.	1929-30.	1930-31.	Maximum in any year after 1924-25.	Percentage increase or decrease of 1930-31 over 1924-25.	Percentage increase or decrease of 1930-31 over 1925-26.
1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8
B. N. ..	12,829,000	13,064,000	15,287,000	17,037,000	14,033,000	17,037,000	14·1	12·0	2,324,696	2,392,816	2,843,151	3,035,667	2,578,873	3,035,667	10·9	7·78
B. B. & C. I. ..	8,469,000	8,704,000	9,121,000	8,960,000	8,394,000	9,121,000	—0·89	—3·56	1,838,937	1,780,450	1,744,404	1,734,473	1,663,696	1,780,450	—10·1	—7·13
E. B. ..	7,267,000	8,327,000	8,122,000	7,910,000	7,234,000	8,897,000	—1·81	—13·1	687,777	752,534	818,962	813,028	763,590	840,380	11·0	1·47
E. I. ..	20,063,000	21,864,000	23,902,000	24,433,000	22,335,000	24,433,000	—14·1	2·15	6,562,407	5,921,520	6,441,560	6,352,156	6,091,312	6,441,560	—7·18	2·87
G. I. P. ..	10,358,000	10,668,000	13,443,000	11,332,000	10,565,000	13,443,000	2·00	—1·24	2,919,914	2,681,929	2,789,613	2,877,361	2,430,796	3,014,753	—16·8	—9·33
M. & S. M. ..	6,902,000	6,958,000	7,903,000	7,067,000	6,371,000	7,903,000	6·15	0·29	1,126,033	1,246,582	1,257,819	1,215,408	1,126,881	1,323,703	0·07	—9·75
N. W. ..	14,221,000	14,497,000	15,371,000	14,982,000	14,645,000	17,643,000	2·98	1·02	3,358,190	2,615,804	3,175,925	2,993,939	2,991,099	3,175,925	—10·9	14·3
S. I. ..	4,127,000	4,370,000	6,044,000	6,282,000	6,199,000	6,282,000	50·2	41·9	436,594	485,416	528,728	534,877	503,012	534,877	15·2	3·62
Burma ..	4,403,000	5,078,000	5,725,000	5,404,000	4,945,000	5,725,000	12·3	—2·62	638,245	704,965	771,180	796,129	703,411	801,112	10·2	—0·16
Total all* Railways.	94,965,000	94,302,000	106,651,000	105,205,000	96,997,000	112,257,000	2·14	2·86	20,097,059	18,769,400	20,631,060	20,242,292	19,101,128	20,948,717	—4·81	1·77

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*Includes A. B. Railway also.

APPENDIX M.

Analysis of Engine mileage.

(Thousands, 000's.)

Railway.	Passenger Train.								Freight Train.								Shunting.								Total							
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1928-29 over 1924-25.	Percentage increase or decrease of 1928-29 over 1920-21 to 1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1928-29 over 1924-25.	Percentage increase or decrease of 1928-29 over 1920-21 to 1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1928-29 over 1924-25.	Percentage increase or decrease of 1928-29 over 1920-21 to 1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	Maximum in any year subsequent to 1924-25.	Percentage increase or decrease of 1928-29 over 1924-25.	Percentage increase or decrease of 1928-29 over 1920-21 to 1923-24.
1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
Broad Gauge.																																
E. N.	4,040	4,193	3,998	3,989	3,989	4,193	10·4	10·8	5,805	5,781	5,794	6,013	6,123	6,013	6·01	6·01	1,561	1,630	1,598	1,705	1,541	1,705	9·21	2·76	11,406	11,604	11,390	11,984	11,653	12,024	5·46	10·9
E. B. & C. L. ..	4,053	4,036	4,198	4,207	3,958	4,211	−11·9	−17·8	1,435	2,410	2,060	2,247	2,054	2,14	−47·7	−16·3	1,190	1,277	1,122	1,190	1,041	1,277	−13·6	−10·2	6,737	6,977	6,320	6,645	6,054	6,977	−9·38	−23·7
E. B.	3,314	3,263	4,671	4,750	4,952	4,750	49·8	37·6	1,220	1,288	1,445	1,406	1,227	1,406	8·36	0·36	1,744	1,486	1,709	1,809	1,705	1,809	−12·6	3·46	6,178	6,915	6,916	6,916	6,277	6,916	2·24	19·3
G. I.	12,272	12,778	13,136	13,713	14,118	14,118	31·6	39·1	11,567	11,712	11,108	12,411	12,772	13,110	10·7	−2·08	7,654	6,818	7,074	7,411	7,307	7,411	−3·85	−3·85	31,493	31,440	31,318	33,236	33,197	33,236	−0·87	1·47
G. I. P.	10,823	11,330	12,003	12,184	11,458	12,052	7·85	1·19	8,666	7,931	8,977	7,963	8,106	8,470	−19·3	−16·0	2,247	2,327	2,848	2,903	2,676	2,927	−8·0	−5·34	20,393	20,294	20,115	20,717	20,664	20,116	−12·3	−4·74
H. & S. M. ..	5,225	5,495	5,523	5,889	5,973	5,973	22·4	16·9	2,806	1,945	1,856	1,996	1,799	1,963	−31·4	−7·36	1,051	1,041	1,020	900	902	1,041	−9·13	−2·37	7,804	7,480	7,395	8,132	7,937	8,132	2·46	4·97
N. W.	6,146	10,195	14,647	10,230	14,253	10,230	56·5	40·1	7,467	8,877	8,272	7,468	7,466	9,172	−3·76	10·9	4,452	4,949	4,519	3,911	3,760	4,606	−14·6	−7·16	18,187	27,730	25,262	22,273	21,463	22,235	11·7	23·4
S. I.	1,147	1,230	1,134	1,008	1,196	1,230	4·31	9·4	686	674	586	626	661	686	35·4	21·6	206	201	202	206	212	212	2·91	2·91	2,039	1,906	1,922	1,840	1,872	1,922	61·9	67·4
Metre Gauge.																																
B. B. & C. I. ..	3,032	3,726	4,284	4,457	4,060	4,060	29·7	22·1	4,048	3,579	3,632	3,456	3,350	3,632	−10·3	−6·06	1,411	1,374	1,503	1,701	1,581	1,701	−7·05	−5·96	12,336	11,730	11,390	11,733	11,553	12,035	−5·97	0·3
Burma	3,023	3,686	1,179	1,158	1,184	4,219	11·1	8·96	1,974	2,201	2,037	2,003	2,240	2,240	16·6	2·16	1,363	1,411	1,427	1,456	1,396	1,456	−1·79	−0·71	6,540	6,242	14,090	14,179	10,980	14,180	10·9	10·3
S. I.	1,160	1,211	1,607	1,126	1,114	1,126	72·3	14·6	1,013	1,190	1,162	1,177	1,085	1,190	9·61	−0·34	1,170	1,111	1,091	1,077	974	1,111	−11·4	−12·8	3,001	3,127	3,201	3,254	3,133	3,254	4·52	−0·64
M. & S. M. ..	2,208	2,324	2,645	2,603	2,647	2,650	27·6	20·7	2,719	2,777	2,749	2,747	2,781	2,781	2·26	0·14	944	939	1,138	1,062	964	1,142	2·12	4·22	6,081	6,830	6,976	6,966	6,414	6,976	0·31	0·67
S. I.	3,318	3,574	3,594	4,477	5,096	5,096	53·6	46·1	1,727	1,827	1,945	1,982	1,766	2,029	3·42	−3·71	704	676	1,004	1,050	1,016	1,050	30·7	22·7	5,619	6,167	6,381	10,687	10,713	10,713	39·6	36·6
* Total	60,308	65,894	70,888	70,701	72,254	82,062	29·7	22·0	54,877	55,305	55,866	56,248	56,272	57,571	−6·77	−0·66	29,358	27,251	27,707	27,966	25,606	28,794	−11·6	−6·46	130,641	132,330	130,402	204,126	194,214	207,786	9·97	6·54

* Includes A. S. Railway only.

† Excludes figures for electric service.

STORES, PRINTING AND STATIONERY SUB-COMMITTEE.

To

The General Secretary,

Retrenchment Advisory Committee.

Sir,

We have the honour to submit our *interim* report on the possibilities of Retrenchment in the Printing and Stationery Department for communication to the General Committee.

Proceedings of Sub-Committee.

2. We first met in Simla on the 28th May 1931 and held three meetings where we decided what reports and information should be supplied by the department. In addition to various published reports we were furnished with an exhaustive memorandum by the Controller of Printing and Stationery in India on the expenditure of the department with eight separate memoranda as its enclosures prepared by the officers in charge of the Calcutta, Delhi, Aligarh and Simla Presses, the Central Stationery Office, the Central Publication Branch, the Forms Press and Store and the Central Printing Office. Besides furnishing the memorandum the Controller met us at Calcutta where we held three meetings in July (23rd, 25th and 27th), inspected the local offices and examined the local officers. We again met the Controller in Delhi on the 28th August and continued our examination of both the Manager of the Delhi Press and himself. As a suggestion had been made that there was no necessity for two Presses so near each other as Delhi and Aligarh, we completed our enquiry by inspecting the Aligarh Press accompanied by the Controller and the Manager, Delhi Press. We then adjourned to Simla (31st August), inspected the Simla Press on the 1st September and then discussed the recommendations to be included in the *interim* report.

Acknowledgments.

3. We desire to record our appreciation of the help rendered to us during the progress of our enquiry by the officers of the department and our thanks are due to Mr. C. T. Letton, the Controller, for the manner in which he placed himself entirely at the disposal of the Committee and thereby considerably lightened our task.

Some general observations.

4. Our recommendations in this report are based on a general survey of the expenditure of the department. We have not attempted a detailed examination of, say, whether the industrial establishment employed is more than adequate for the plant or whether the plant is worked at the maximum efficiency and minimum cost, as firstly such examination cannot be undertaken within the short time at our disposal and secondly it could only be done efficiently by technical experts.

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Further, we have not attempted an examination of the policy underlying the maintenance of so many Presses under direct Government supervision and whether it would not be more economical to have the work of paying departments done entirely by outside agency leaving work of non-paying departments and work of a confidential nature only to be done by Government Presses. But this should form the subject of a subsequent enquiry.

5. We should like to make another general observation. The value of a Committee like ours, largely consists in making the department hold a searching internal examination in order to justify all items of expenditure before a committee which cannot be expected to take a wholly departmental view of many things. As a result of such examination, the Controller has been able to suggest considerable economies in advance of our recommendations, as the following figures show :—

Gross expenditure of the department.

	Rs.
Original budget grant, 1931-32	1,12,08,000
Reduced grant proposed by the Controller, 1931-32	1,01,72,900

Recoveries.

	Budget.	*Modified by Controller.*
	Rs.	Rs.
(*a*) Posts and Telegraphs ..	23,67,000	21,42,000
(*b*) Railways	10,96,000	9,96,000
(*c*) Military	13,90,000	13,15,000
(*d*) Others	26,000	26,000
(*e*) Local Governments, etc. (taken as revenue) ..	34,00,000*	34,00,000*
	82,79,000	78,79,000

Expenditure of the department (net).

	Rs.
1913-14	14,00,726
1931-32 (Budget)	29,29,000
1931-32 (revised by the Controller)	22,93,900

The figures for 1931-32 as reduced by the Controller require some explanation in order to enable the General Committee to appreciate the present position properly. The annual expenditure of the department includes since 1926-27 certain carryovers from previous years and after a thorough examination of the figures, the Controller has come to the conclusion that if the huge carryover of Rs. 12 lakhs from 1930-31 were paid in the current year, there will only be a normal annual carryover of Rs. 2 lakhs in future. The matter has been fully dealt with on pages 29 and 30 of the Controller's

*The Controller has taken this as Rs. 34,50,000.

memorandum which has been circulated to members of the General Committee. If the necessary adjustments were made in the figure of Rs. 22.91 lakhs on account of these carryovers, the reduced grant for 1931-32 would stand at Rs. 12,97,900 a figure which compares very favourably with the pre-war scale of expenditure on the department. This result is mainly achieved by the transfer to the paying departments of the major portion of the gross expenditure incurred and shows that we should not expect any further major economies in the Printing and Stationery department and that for these one should go to the big consuming departments such as the Railways, the Military and the Posts and Telegraphs departments.

Our recommendations.

6. There are certain matters in regard to which we have come to definite conclusions, while there are others which call for further examination and in regard to which our recommendations can only be provisional. We clearly distinguish below these two classes of recommendations :—

(*a*) *Headquarters office* (*Delhi*) *and Central Printing office* (*Delhi*).—These two offices have recently been amalgamated. The superior staff consists of the Controller, a Deputy Controller and two Assistant Controllers. We examined the Controller on the necessity of four officers and we were informed that so long as one of the officers was required to move up to Simla with the Government of India, it would not be possible to effect any reduction in the number of officers. We found as a result of our examination of the Assistant Controller in Simla that the regulation of the flow of work from the departments of the Government in Simla does not occupy much of his time and that to keep him fully engaged work connected with the administration of the department and other matters comes to him from Delhi. We are unanimously of the opinion that if the Manager of the Simla Press is given discretion to undertake for the offices in Simla work of an immediate character which could not be sent to Delhi (to the Clearing Section of the Headquarters office) and if these offices were required to send as usual to the Central Clearing Section their other work, it would not be necessary for an Assistant Controller to move with a complement of staff to Simla every year. We realise that for carrying out this measure, the full co-operation of the departments sending work to the Press would be required and that suitable arrangements should be made for carrying on the work of the Central Duplicating Section which is now under the control of the Assistant Controller. The Section could be shifted to the Simla Press or if that were found inconvenient by the departments, it could be attached to one of the departments of the Government of India, say, the Industries and Labour Department, which could arrange for the duplicating work of other departments. We cannot believe that this will in any way add to the responsibility of the Industries and Labour Department, if definite instructions are issued regarding the classes of work which can be sent to the duplicating section. This section consists of a typesetter and two Gestetner attendants and we recommend that leaving this section, the rest of the Assistant Controller's staff and the Assistant Controller may be permanently located in Delhi. Our view is fortified by the suggestion which has already been made by the Controller for reducing the strength of the staff moving up to Simla in future and which has been accepted by the Government. The present cost of the move of the Central Duplicating and Printing Clearing Sections is Rs. 6,000 annually and our recommendation will give a saving of an amount slightly less than Rs. 6,000 per annum.

From the recommendation made above follows the next recommendation we have to make, namely, the abolition of the post of Deputy Controller at headquarters (Delhi). We consider that four officers at headquarters are really too many and we are unanimously of the opinion that in view of the amalgamation of the office of the Controller of Printing and Stationery and the Printing Clearing office, as an immediate act of retrenchment, the appointment of Deputy Controller at Delhi should be done away with. The number of Chaprasis can in consequence be reduced. The Controller preferred to retain the appointment of Deputy Controller and abolish one of the two posts of Assistant Controllers as an officer of the rank of Deputy Controller was required to deputize for him during his absence on tour. He also suggested that if one of the appointments of Assistant Controller was abolished, a post of Assistant on the usual rate of pay, namely, Rs. 120—8—160—10—350 should be created. We consider that an Assistant Controller will be able to deputize for the Controller as well as a Deputy Controller and in fact, we heard no complaint that the Assistant Controller at Simla was not either efficient or independent. As regards the additional appointment, we think that when the present staff of one Superintendent, and five clerks which moves to Simla is permanently located at Delhi, the need for the extra appointment will not be felt. Our recommendation will mean a saving of nearly Rs. 14,000 per annum on the average. In our opinion, a further saving should be effected by a reduction in the staff rendered possible by the stoppage of the move to Simla.

We have considered the question as to which should be the headquarters of the Controller. It has been suggested that Calcutta should be the headquarters as a major portion of the expenditure of the department is incurred in Calcutta and that, at any rate, his move to Simla for three months in the year should be abolished. In view of our objective to have the Delhi Press as the main press of the Government of India, a point which we deal with more fully later on, we do not approve of the headquarters of the Controller being transferred to Calcutta. We recommend that the headquarters be fixed permanently at Delhi and that the Controller should not be required to move to Simla for any fixed period during the stay of Government at Simla, though we have no objection to the Controller or his assistant being called to Simla occasionally by the Industries and Labour Department in accordance with exigencies of public service. We contemplate that the Controller though stationed in Delhi should make the necessary tours in which among others the inspection of the Calcutta offices should form a chief item.

(*b*) *Calcutta Main Press at Hastings Street.*—We have come to the provisional conclusion that it will be to the ultimate advantage of the Government and the taxpayer if the printing work of the Government of India were chiefly concentrated at one place, New Delhi, and if the machinery and staff at Calcutta Press were gradually reduced to meet the requirements of only Central Government offices at Calcutta. This would make it possible for the reduced Press at Calcutta being housed along with the Forms Press and Store at Dhurrumtolla and the valuable Hastings Street buildings being released for better utilization to the great financial advantage of Government. Further our proposal would enable the Delhi Press to cope with the heavy work at budget time, save overtime charges and also comply satisfactorily with the provisions of the Factory Act. We may add that it is the experience of some of us, which is also

confirmed by the Controller, that old Press machinery can be sold at much above book values and that we therefore contemplate that some portion of the machinery at the Calcutta Press may be sold in Calcutta instead of being freighted to Delhi, thus reducing to some extent the cost of the transfer. We are asking the Controller to prepare for us a statement of the financial effect of our proposal, including the capital cost of the extension of the Delhi Press buildings, which we find is adapted for considerable expansion, and the cost of additional buildings for providing residential accommodation for the staff. We desire in this connection to point out that in regard to quarters for workmen as much as 50 per cent. saving may be effected if a different type of building suited to the needs of workmen be adopted. We shall make a further report on this point later.

We observe that a sum of Rs. 28,000 per annum is spent on making blocks and colour printing by outside Presses for the Archæological and Agricultural Departments in connection with various reports of those departments. We consider that considerable economies could be obtained in this item of expenditure if the departments concerned were made to pay the cost and we accordingly recommend that the item be transferred from the Printing and Stationery budget to the budgets of the departments for which the expenditure is incurred.

(c) *Forms Press and Store.*—We are unanimously of the opinion that the work done by the Deputy Controller of Forms might equally efficiently be done by a lowest grade Manager as suggested by Mr. Ascoli in his letter to the Government of India, No. 16, dated the 26th June 1925. Mr. Letton has suggested a pay of Rs. 600—40—800 for second grade Managers and the Manager, Central Publication Branch in future and subject to any changes in the scale as a result of examination of pay and allowances generally by the General Purposes Sub-Committee, we accept the scale of Rs. 600—40—800 for the officer-in-charge of the Forms Press and Store. This will mean a saving of Rs. 5,640 per annum on the average. When our proposal to reduce the size of the Hastings Street Press and remove it to Dhurrumtolla is carried out, we think that further savings can be effected by readjusting the superior staff.

We observe that the work of printing Posts and Telegraphs forms for the northern circles is being done at the Aligarh Press and that the printing work on similar forms required by other circles is let out on contract by the Forms Press and Store at Calcutta. The Army Department forms and other stock and standard forms required for Government departments are printed at the Forms Press assisted by the Hastings Street Press. Subject to what is stated below, we approve of the existing arrangements generally.

We consider that the tender system now in force is defective in that the period of contract which is fixed as 3 years does not give the contractors an opportunity to effect economies and quote sufficiently low rates to the Government. We therefore recommend that the period of contract be longer and the suggestions made by us in regard to the advertisement, receipt, opening and acceptance of tenders for stationery be followed in the case of tenders for printing work also. We further recommend that in order to induce a large number of contractors to tender, efforts should be made to split up contracts as far as possible.

We understand that tenders for tag labels, hitherto included in the printing contract, have been separately called for as these are properly included under articles of stationery. We approve of this procedure which is anticipated to yield a saving of Rs. 20,000 to Rs. 30,000 per annum. We however recommend that in dealing with the tenders which have been called for simultaneously in England and India, effect be given to our recommendation under the heading 'Central Stationery Office' regarding price preference for Indian articles and that if satisfactory tenders are not forthcoming, the question of producing them at the Aligarh Press where they are now made for the Northern Circle be considered, especially as the Aligarh Press does not appear to be working to its full capacity.

In view of our proposal to reduce gradually the Hastings Street Press, the Controller considers that the time has come for trying again to give out Army forms work to contractors. Apart from the question of transferring a major portion of the Calcutta Press to Delhi, we consider that if the contract period were sufficiently extended and tenders were again invited for printing of Army forms, satisfactory tenders would be forthcoming. We recommend that this may be done.

(*d*) *Aligarh Press.*—After inspecting the Aligarh Press we have come to the conclusion that the Aligarh Press should be retained and that the printing of forms work now done at the Calcutta Presses should be transferred to Aligarh. We feel that the Aligarh Press ought to be made to work to its full capacity. This would enable the Government to make the most economical use of the machinery and also effect some saving in printing charges.

We heard a complaint at the time of our inspection that the electric charges of the Press are excessive and were informed that if the electric plant installed at the Press were sold and current taken from the local Electric Company, considerable saving in expenditure which may be as much as Rs. 30,000 per annum could be effected, even after allowing for the erection of a conversion plant at a capital cost of about Rs. 12,000. We discussed the matter with Mr. Pitkeathly, the Chief Controller of Stores and Mr. Khan, Deputy Director of Inspection. We recommend that the question of shutting down the existing electrical generating plant in the Aligarh Press and taking a supply of electrical energy from the Aligarh Electrical Supply Company be examined with the utmost expedition and if it is found that the supply of energy can be obtained from the Aligarh Supply Company at rates which will be economical to Government after taking into consideration the possible difficulties and loss which may be encountered in disposing of the generating plant in the Press, early arrangements should be made to open up negotiations with the Company. Otherwise the existing arrangements should be continued and the negotiations with the Company should be dropped.

(*e*) *Central Publication Branch, Calcutta.*—We are satisfied that on account of over-crowding of this Branch at the Calcutta Press (Hastings Street), stock taking is rendered impossible and additions to staff will become imperative. We recommend that the Branch be removed to the Press quarters in Old Delhi recently vacated by the Delhi Press. This would enable the staff to be better utilized and thus obviate any additions to staff. Further the portion of the Hastings Street buildings vacated

by the Central Publication Branch may be utilized by other Central Government offices at Calcutta. We have requested the Controller to supply us with a statement showing the financial effect of our proposal and we shall make a further report on this point.

We may add that if the Central Publication Branch were removed to Delhi, the small publishing branch at the New Delhi Press with its complement of staff might be transferred to the Central Publication Branch. In that case, about 1,000 square feet of space would be released at the New Delhi Press which might accommodate any new machinery purchased or transferred from other Presses. Further the amalgamation of the publishing branch of the Delhi Press with the Central Publication Branch might make a small portion of the clerical staff superfluous. We recommend that this question be considered by the Government in consultation with the Controller.

During our inspection of the Store of the Central Publication Branch at Hastings Street and also of the Forms Store at Dhurumtolla we were surprised to find large stock of Army forms and publications which are of absolutely no use hereafter and which were ear-marked for being destroyed. We feel it our duty to bring this to the notice of the Army Department.

We also found that a large stock of several of the publications of Government was lying unsold. We suggest that a list of such publications at reduced prices be made and advertised as widely as possible.

(*f*) *Central Stationery office, Calcutta.*—It is a matter for regret that a large sum (which was Rs. 12 lakhs in the last year) has been allowed to be carried over from year to year and that the figures of 1931-32 are swollen by this large carryover. We are glad to note that this matter has been the subject of careful consideration by the Controller and that the carryover in future will not be allowed normally to exceed Rs. 2 lakhs. This matter should be carefully watched by Government.

We are not quite satisfied with the existing procedure followed in the Stationery office in dealing with tenders for paper and other articles of stationery. The tenders are not opened publicly and though the orders of the Controller are taken in the matter of accepting tenders, we think there is considerable room for improvement of the existing procedure. The advantages of improving and perfecting the machinery cannot be measured in rupees, annas and pies, but we are absolutely convinced that the removal of any defects in the machinery is bound to be of ultimate benefit to the tax-payer. We accordingly recommend that—

(1) tenders should be widely advertised ;

(2) sufficient interval should be allowed between the date of advertisement and the date of application ;

(3) applications should be made by tenderers in sealed covers which should be opened publicly at the appointed time ; and the rates read to all the contractors or their agents present ;

(4) with regard to tenders for supplies of articles or for work of a value exceeding Rs. 10,000, the Controller should be assisted in dealing with the tenders by a committee of two members, one an official and the other a non-official ; and

(5) in the case of purchases by a system of simultaneous tenders in India and England a price preference of a prescribed percentage should be given to articles of Indian manufacture.

We feel certain that if the procedure we have suggested above be followed, it is bound ultimately to result in considerable financial advantage to the Government—not to mention the confidence which will be engendered in the minds of all contractors.

We find from the Table on page 23 of the Controller's memorandum that the value of stationery stores in stock at the end of March 1931 was about Rs. 15 lakhs and that it is hoped in the near future to reduce the balance to Rs. 13 lakhs. It is stated that the stock at the close of the year is at present fixed as not to exceed 3 months' supply. In view of the fact that of total purchases amounting to Rs. 62½ lakhs in 1930-31, about Rs. 59 lakhs were purchased in India, we are of the opinion that it is not necessary to have a three months' supply in stock and that the stock can be reduced further. We are taking up the matter with the Controller and shall make a further report on this point.

We observe that some saving in expenditure on articles of stationery, etc., can be effected if the departments of the Government of India and the offices subordinate to them were compelled to use articles which have been tested and found satisfactory by the Central Stationery Office without insisting on any particular make of articles. We invite a reference in this connection to paragraph 44 (*b*) of the printed proceedings of our sixth meeting at Calcutta wherein we have mentioned the case of one Railway administration insisting on the supply of a particular kind of tracing cloth and rejecting the supply of an equally efficient and less costly kind of cloth which had been found entirely satisfactory by another Railway administration. We recommend that strict and definite instructions be issued in this matter and departments be asked to co-operate with the Printing and Stationery department in reducing expenditure by accepting the supplies made by the latter department. We note that for various official and demi-official communications, different kinds of very costly paper is being used. We are strongly of opinion that considerable saving could be effected if a uniform kind of cheaper paper and envelopes were adopted. We find that this matter has already engaged the attention of both the Finance and the Industries and Labour Departments and our recommendation should therefore be easily accepted by all departments of Government.

During our inspection of the Central Stationery Office, we found that a surplus quantity of binding cloth, graph paper and flat duplicators obtained for the Army valued at Rs. 1.10 lakhs was lying unused for a long time and that it could be disposed of to other departments if the price were reduced. We recommend that a careful examination of all articles lying unused be made and steps be taken to utilize them as quickly as possible by adjustment of their prices with the sanction of the competent authority.

Our attention was drawn to the fact that the Publicity Officers of Railways do not purchase from the stationery office their requirements of printing paper for work produced for them at private presses. We recommend that the question be examined by the Government and that

steps be taken to ensure that all departments of the Government of India and offices subordinate to them obtain the benefit of the cheap rates secured by the Stationery office by centralization of purchases.

(*g*) *Some general remarks about printing work.*—We have gone carefully into the question of paying overtime in the Government of India Presses and obtained information of amounts paid, the rate for calculation of overtime and the causes leading to overtime employment. We appreciate that the regular flow of work to the Presses ensured by the establishment of the Central Printing Clearing Section at headquarters prevents any avoidable overtime payments that might have been made in the past. The Controller has reported that the staff at present employed at the Presses is insufficient to cope with the quantity of work received and the expedition with which it is required and that the staffs have reached the stage where further retrenchment is impossible unless there is a substantial reduction in the amount of work sent by departments and unless what seems to be the general practice of marking requisitions as immediate and urgent, timed either to the day or the hour, is given up. We may add that one flagrant case was brought to our notice where a Report of over 600 foolscap pages was marked urgent by one department and 300 copies were called for within a week, though the department was satisfied with the supply of copies a week later. We have discussed the matter fully with the Controller and with the Managers of Presses, and we make the following recommendations :—

(1) Heads of departments should give strict instructions to the officers under them that the amount of printing work sent to the Presses should be minimized as far as possible ;

(2) no work sent to the Press should be marked urgent or immediate without the sanction of a competent authority ;

(3) absolutely clean copy should be sent to the Press ;

(4) where the Central Printing Clearing Section, or the Manager, Simla Press in cases of work received direct, considers that any of the above conditions have not been fulfilled, they should have the necessary authority to bring the matter to the notice of the head of the department concerned, who should give the matter his most serious consideration.

While recognising that efforts have been made to standardize forms as a means of economy we deem it necessary to state on the authority of some of the Managers of Presses that there is considerable room for further standardization and the Central Printing Office should continue to give further attention to this matter.

In view of the general trend of our recommendations, the Industries and Labour Department should keep a strict watch on further purchase of plant and machinery for extensions of the Government of India Presses.

(*h*) *Pay and allowances.*—As regards pay and allowances we are following the special procedure laid down by the General Committee and making a separate report to the General Purposes Sub-Committee. We may in this connection point out that even if the revised scales for the superior staff proposed by the Controller in Table B of his memorandum

were adopted, there would be an ultimate annual recurring saving in expenditure of as much as Rs. 25,000. There would similarly be a saving of Rs. 25,000 per annum if the Controller's proposals regarding the scales of pay for the establishment at the headquarters office at Delhi be accepted.

Certain special enquiries.

7. We are also making certain special enquiries regarding particular matters, such as the comparative cost of Forms printing at Government Presses and at contractors' Presses, the necessity for some of the smaller Presses, Indianisation of the staff, reduction of stores balances, etc., and if as a result of our enquiries any proposals for economy emerge, we shall include them in our final report.

Communications to other sub-committees.

8. We have drawn the attention of the Railway Sub-Committee to the following points that came to our notice in the course of our enquiry :—

(1) Printing work given by Publicity officers to outside Presses in India and abroad ;

(2) indent for machinery valued at Rs. 42,000 for the small E. B. Railway Press (we are informed that this matter will be considered by the Railway Board) ;

(3) the unreasonable attitude of some of the Railway administrations in regard to articles supplied by the Printing and Stationery Department.

We have written to the Secretary, Public Works and Audit Sub-Committee suggesting that the question whether the Government of India buildings at Calcutta are utilised to the fullest advantage of Government might be examined.

We have also brought to the notice of the Postal Sub-Committee the large amount of expenditure on Postal and Telegraph forms.

9. We may now summarise the financial effect of our recommendations :

	In thousands of Rs.
(1) Savings proposed to be effected by the Controller himself.	6,36
(2) Stoppage of the move of Assistant Controller and his staff to Simla.	6
(3) Abolition of the post of Deputy Controller at Delhi	14
(4) Substitution of the appointment of Deputy Controller of Forms at Dhurrumtolla by the appointment of a second grade Manager.	6
(5) Savings assumed by the Controller in the purchase of tag labels.	20 to 30
	6,82 to 6,92

The figures of Rs. 6,82,000 to Rs. 6,92,000 does not include the possible savings that will be effected if the recommendations regarding cut in salaries which we are separately making to the General Purposes Sub-Committee be adopted, nor does it include the savings in the amounts payable to contractors for printing Posts and Telegraphs forms on account of the rates under the new contract being 40 per cent. cheaper than the old rates. We need not mention once again the savings which cannot immediately be measured in rupees, annas and pies but which will ultimately be effected by the adoption of our other recommendations, chiefly those regarding centralization of all printing work at New Delhi, improvement of the existing method of receiving and accepting tenders including the appointment of a tender committee, reduction in payments made for overtime work and the adoption of cheap uniform paper and envelopes for all Government offices.

We have, etc.,

(Sd.) G. A. NATESAN. (*Chairman*).
„ B. DAS.
„ A. H. GHUZNAVI.
„ JAGANNATH AGGARWAL.
„ S. C. LYTTELTON.

SIMLA ;

The 5th September, 1931.

Minutes of the meeting of the Stores, Printing and Stationery Sub-Committee of the Retrenchment Advisory Committee held at the Assembly Chambers on Friday, the 11th September 1931.

Having read the memorandareceived from the various Chambers of Commerce and other public bodies and also from individual witnesses, having read also the pamphlet " The Indian Stores Department and assistance to Indian industries " furnished to the Committee by the Chief Controller, having examined the Deputy Director of Administration and Intelligence and the Audit Officer, Indian Stores Department and having discussed with the Chief Controller certain immediate retrenchments in the superior and clerical staffs in the Department which could be effected, the Committee recommend that the following reductions should be made forthwith :—

(1) The appointment of Director of Purchase (headquarter) should be held in abeyance.

(2) The appointments of Assistant Director of Purchase (Textiles) and Assistant Director of Purchase (Engineering) should be abolished.

(3) The appointments of Assistant Controllers of Purchase at Karachi and at Bombay should be held in abeyance.

(4) The appointment of Controller of Inspection, Bombay Circle, should be converted into an appointment of Assistant Controller of Inspection.

(5) The appointment of Assistant Controller of Inspection, Upper India Circle, should be abolished and one of the Assistant Engineers should be given a charge allowance of Rs. 100 per mensem.

(6) The present charge allowance of Rs. 150 given to the Inspector in charge of the Cawnpore Branch should be reduced to Rs. 100.

As a result of recommendations Nos. 4 and 5, a saving should be effected in motor car and other allowances.

2. Small orders under Rs. 250 should not be sent to the Indian Stores Department except in the following cases :—

(*a*) Articles for which the Indian Stores Department have rate of running contracts ;

(*b*) Articles of a special or unusual character which indenting officers find difficulty in purchasing themselves ; and

(*c*) Articles required by indenting officers situated in localities where there are no facilities for purchasing.

As a result of this proposal, appointments of 2 Inspectors, 8 Examiners, 22 clerks (Purchase Branch) and 24 clerks (Inspection Branch) should be abolished.

The Audit Officer, Indian Stores Department admitted that if the proposal to eliminate petty orders were accepted, there would be a saving of Rs. 50,000 per annum in the Audit grant.

3. The Committee is of opinion that the headquarters of the Department should be permanently located at Delhi. This recommendation does not mean that the Chief Controller of Stores or any of his Assistants should not be called to Simla when required, if the Government continued to move between Delhi and Simla and if the presence of the Chief Controller or his Assistants

was necessary in the interests of public service. As a result of the permanent location of the office at Delhi, there would be an immediate saving of Rs. 40,000 per annum, *vide* paragraph 22 of Mr. Pitkeathly's note of 8th May 1931 already circulated. As a further result of the gradual replacement of the existing members of the clerical establishment by local men recruited on lower rates of pay, there would be an ultimate additional saving of Rs. 60,000 per annum.

4. In view of the request made by Sir George Schuster to the Chairman of the Committee for a note in regard to the savings that could be immediately effected in the expenditure of the Indian Stores Department, the Secretary was requested to communicate the above minutes to the Secretary, Retrenchment Advisory Committee.

5. The Committee made these recommendations subject to further and fuller investigation of the question of retaining the Indian Stores Department under present conditions or of substantially modifying of the scope of the Department.

6. The total financial effect of these recommendations is summarized below :—

	Rs.	Rs.
1. Director of Purchase	12×2,253=27,036	
2. Assistant Director of Purchase (Engineering)	12×1,169=14,028	
	(*a*) C. P. F. 877	
3. Assistant Director of Purchase (Textiles)	12×1,169=14,028	
	(*a*) C. P. F. 877	
4. Assistant Controller of Purchase, Karachi	12×876=10,512	
	Allowances 525	
5. Assistant Controller of Purchase, Bombay	12×876=10,512	
	Allowances 2,550	
	(*a*) C. P. F. 657	
6. Reduction of staff on account of abolition of petty purchases	(*b*)	1,10,000
7. Conversion of the appointment of Controller of Inspection into that of an Assistant Controller of Inspection.		
8. Conversion of Assistant Controller of Inspection, Lahore, into an Inspector with a charge allowance of Rs. 100 per mensem.		21,500
9. Reduction of charge allowance of Cawnpore Inspector from Rs. 150 to Rs. 100.		
10. Reduction in motor car and other allowances		
11. Permanent location of the office of the Chief Controller at Delhi,—		
immediately		40,000
plus ultimately (additional)		60,000
Total	Rs. 2,53,102 to Rs. 3,13,102	

(Signed) G. A. NATESAN,
Chairman.
„ *B. Das.
„ A. H. GHUZNAVI.
„ JAGANNATH AGGARWAL.
„ S. C. LYTTELTON.

(*a*) Contributory Provident Fund.
(*b*) Includes a saving of 4,000 under contingencies.
*Subject to a note (which will follow).

Note by Mr. B. Das.

In adding my signature to these halting and inadequately small measures of retrenchment in the Indian Stores Department, I do not wish to be misunderstood by the Legislative Assembly that I am for the continuity of the Department. In times of national crisis, any small measure of economy in an *interim* report, therefore, must meet my approval.

The Public Accounts Committee from year to year kept close scrutiny on the activities of the Indian Stores Department and felt convinced that the Department has failed in its objective. In 1929 the Public Accounts Committee definitely recommended to the Government of India as follows :—

> "We wish therefore to record a recommendation that if the Government are satisfied that the department is so organised that it is capable of purchasing stores with efficiency (as regards testing quality, etc.), and economy, on a standard comparable to that attained by the departments when purchasing on their own account, then the Government should issue orders that all stores (other than stores of a special technical nature) required by any Government Department should in future be purchased through the Indian Stores Department ; and that if the Government are not so satisfied then they should appoint a Committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department."

The Public Accounts Committee has all along insisted that the Indian Stores Department must be self-supporting. The weighty recommendations quoted above, have not been given effect to, so far, nor have the Government of India come to any definite decision, about their store purchase policy. On the other hand, the Government of India in the Industries and Labour Department addressed a letter to the members of the Stores Retrenchment Committee (a copy is printed as an appendix to this Report) stating that the Government of India (in all their Departments) propose to suspend the formulation of their views and intentions about their store purchase policy until they receive the advice of the Retrenchment Advisory Committee. These are well-known dilatory tactics. This is nothing but turning the table on the Legislature, a statutory committee of which, namely the Public Accounts Committee has all along insisted, since 1926, that the Government of India should adopt definite store purchase policy and should see that the Indian Stores Department becomes self-supporting.

The Stores Purchase Committee of 1920 in recommending the organisation of the Indian Stores Department definitely laid down three great principles. These are :—

(1) Centralisation of purchase of all stores of the Government of India through one Department—the Indian Stores Department and the abolition of the Stores Department in London ;

(2) Encouragement of Indian industries by the purchase of supplies required for the public services so far as possible in the country itself by purchase of articles of Indian origin ; and

(3) Preference to the employment of statutory natives of India as officers and staff of Indian Stores Department.

I have kept close scrutiny over the activities of the Indian Stores Department since I became a member of Assembly in 1924 and I feel it has failed all along to appreciate these underlying principles that would have governed its actions. I am still of the same opinion, as I have been all along in the Public Accounts Committee, that the Indian Stores Department cannot be a self-supporting department and therefore it is best to abolish it, unless the Government of India reach definite decisions in line with the recommendations of the Stores Purchase Committee regarding their Stores Purchase policy. This, I am afraid, the Government of India are not in a position to do owing to conflicting interests and inter-departmental jealousies.

I think my Colleagues in the Committee feel that they will be able to influence the Government of India to reach definite conclusions in their stores purchase policy and they anticipate that their recommendations in their final report should be given effect to. I am firmly of opinion that my Colleagues will be disillusioned in the end. However to give my Colleagues a chance to reconstruct the Indian Stores Department on real national lines I sign this *interim* report. I will go with them in the final report if they satisfy me, from definite information obtained from the Government of India, that the Indian Stores Department will be self-supporting at least and it will not land the taxpayers into an annual loss of Rs. 6,85,000 (in 1929-30) now reduced by Rs. 2 lacs and 50 thousand if the recommendations of this *interim* report are given effect to by the Government of India.

(Sd.) B. DAS.

The 12th September 1931.

A perusal of the *ad interim* recommendations of the Committee will clearly show that Mr. Das has not correctly stated the views of the majority of the Committee. The Committee has yet to examine the representatives of the various departments of Government as to their attitude towards the Indian Stores Department and also the Chief Controller of Stores and the respective heads of the organisations in the provinces as to further retrenchments that it may be possible to effect. If the Indian Stores Department is not to be saddled with the annual loss incurred by the Alipore Test House and if our recommendations regarding economies in the Department are carried out, it will be seen that the Indian Stores Department can continue to work without any appreciable loss. But even if the Department has to meet a small deficit, we have no hesitation in saying that the abolition of the department will be a serious blow to the development and encouragement of Indian industries.

(Sd.) G. A. NATESAN.

„ A. H. GHUZNAVI.

„ JAGANNATH AGGARWAL.

„ S. C. LYTTELTON.

The 12th September 1931.

APPENDIX.

LETTER FROM THE UNDER SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF INDUSTRIES AND LABOUR, TO THE SECRETARY, STORES, PRINTING AND STATIONERY SUB-COMMITTEE OF THE RETRENCHMENT ADVISORY COMMITTEE, No. S.-503, DATED THE 20TH JULY 1931.

SUBJECT :—*Value and utility of the Indian Stores Department.*

I am directed to refer to your letter No. S.-16, dated the 15th June 1931, communicating the desire of the Sub-Committee of the Retrenchment Advisory Committee to obtain an expression of the views of the Industries and Labour Department of the Government of India on certain broad aspects of policy in connexion with the discussion of the utility and future of the Indian Stores Department. It is observed from your letter that the Sub-Committee has separately addressed the heads of the subordinate departments, etc., which form the principle clientele of the Indian Stores Department with a view to obtaining their views, based on their practical experience of the working of that Department, and it is presumed that replies to these enquiries will reach the Sub-Committee in due course.

2. In respect of the broader questions of policy and the future of the Stores Department, the Government of India propose to suspend the formulation of their views and intentions until they have received the advice of the Retrenchment Advisory Committee itself, and it seems to them that it would therefore be inappropriate and inconvenient if they were at this stage to advance an expression of their opinion. The Government of India propose accordingly to await the recommendations of the Retrenchment Advisory Committee before proceeding further in this matter.

3. I am to add that this may be considered as the reply from the other Departments of the Government of India also to whom your letter referred to above was addressed.

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